

and will go far to remove present inequities and promote greater American initiative in the best interests of our Nation and all of our people.

Mr. President, I yield the floor.

#### MESSAGE FROM THE HOUSE— ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 8224) to reduce excise taxes, and for other purposes.

#### AUTHORIZATION TO SIGN BILL AFTER RECESS

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that after the recess of the Senate today, the Vice President be authorized to sign the enrolled bill (H. R. 8224) to reduce excise taxes, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

#### FOREIGN ECONOMIC POLICY—MES- SAGE FROM THE PRESIDENT (H. DOC. NO. 360)

Mr. SALTONSTALL. Mr. President, the President sent to the Congress today a message relating to the foreign economic policy. That message has been read in full in the House of Representatives today. I ask unanimous consent that it be printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and now lays before the Senate the message, which will be printed in the RECORD, and referred to the Committee on Finance.

(For message of the President, see House proceedings of today.)

Mr. CAPEHART. Mr. President, in reference to the President's message on a new foreign policy, I wish to congratulate the President upon it, because it shows a liberal viewpoint, but one which in my opinion will not injure United States industry. Generally speaking, I believe it to be an excellent message.

I wish to state that the opposite of war is trade or business. If we are to win the cold war and if we are to defeat communism, in my opinion we shall have to do so by means of jobs in private industry and by trade, because trade means jobs, and jobs mean trade.

I am hopeful that Congress, the administration, and everyone else responsible, will, from now on, spend more time creating jobs and business both within the United States and in and between other nations, and will spend less time on many things which I feel cannot possibly help either the United States or the other nations of the free world.

So I am most hopeful that from now on, the Congress will spend more time in creating jobs and trade and in doing the things which are the antithesis of war, the things which in my opinion eventually will help us win the cold war and help us defeat communism.

#### RECESS

Mr. SALTONSTALL. I move that, under the previous order, the Senate take a recess until the hour of 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock p. m.) the Senate took a recess, the recess being, under the order previously entered, until Wednesday, March 31, 1954, at 12 o'clock meridian.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 30 (legislative day of March 1), 1954:

##### UNITED STATES CIRCUIT JUDGE

John A. Danaher, of Connecticut, to be United States circuit judge for the District of Columbia Circuit.

##### UNITED STATES DISTRICT JUDGE

James Lewis McCarrey, Jr., of Alaska, to be United States district judge for division No. 3, district of Alaska.

##### UNITED STATES ATTORNEYS

Theodore F. Stevens, to be United States attorney for division No. 4, district of Alaska.  
Donald E. Kelley, to be United States attorney for the district of Colorado.

W. Wilson White, to be United States attorney for the eastern district of Pennsylvania.

N. Welch Morrisette, Jr., to be United States attorney for the eastern district of South Carolina.

Duncan Wilmer Daugherty, to be United States attorney for the southern district of West Virginia.

##### UNITED STATES MARSHALS

Archie M. Meyer, to be United States marshal for the district of Arizona.

William Raab, to be United States marshal for the district of Nebraska.

Charles Peyton McKnight, Jr., to be United States marshal for the eastern district of Texas.

Hobart Kelliston McDowell, to be United States marshal for the northern district of Texas.

Emmett Mitchell Smith, to be United States marshal for the southern district of Texas.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 30, 1954

The House met at 12 o'clock noon.  
The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we are again turning unto Thee in the sacred attitude of prayer—one in our search and need of Thy blessings.

Help us to deal with our problems in terms of humanity and to interpret the meaning of each new day in terms of the eternal.

Wilt Thou give us power and poise of spirit as we meet the dangers and delusions of our time.

May we never surrender to weakness and weariness, to frustration and fear, for all things are in Thy divine control.

Grant that we may be true to our high vocation of leadership in showing mankind the more excellent way of brotherhood and good will.

In the name of the Christ, our Lord and Saviour, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 23, 1954:

H. R. 4559. An act to amend section 501 of the Communications Act of 1934, so that any offense punishable thereunder, except a second or subsequent offense, shall constitute a misdemeanor rather than a felony; and

H. R. 5509. An act to amend the Army-Navy Medical Services Corps Act of 1947 relating to the percent of colonels in the Medical Service Corps, Regular Army.

On March 26, 1954:

H. R. 752. An act for the relief of Francoise Bresnahan;

H. R. 2214. An act for the relief of Jaroslav, Bozena, Yvonka, and Jarka Ondricek;

H. R. 4557. An act to amend section 319 of the Communications Act of 1934 with respect to permits for construction of radio stations; and

H. R. 4558. An act to amend section 309 (c) of the Communications Act of 1934 with respect to the time within which the Federal Communications Commission must act on protests filed thereunder.

On March 27, 1954:

H. R. 5976. An act to amend section 1 of the Natural Gas Act.

#### RENT INCREASES

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, as a friendly service to my dear colleagues on the other side of the aisle, I am reading aloud letters in the Voice of the People column of this morning's Chicago Tribune. They protest excessive rent increases. The Chicago Tribune assures us that they are bona fide letters from people whose addresses are in the possession of the editor of the Tribune.

In my solicitude for the political welfare of my Republican colleagues, I have repeatedly cautioned them that it is folly excessively to push people around.

I trust that my friends on the other side of the aisle will read the writing on the wall and will not go too far astray from the counsel of their own President in the matter of housing legislation which we are now considering.

Following are the letters in this morning's Chicago Tribune voicing the burning and constantly rising indignation of the people of Chicago against an intolerable condition of rising unemployment, rising costs of living, reduced family incomes, and on top of it all, 25 to 40 percent increase in 1954 rents:

##### RENT INCREASES

CHICAGO, March 26.—It's about time the newspapers did something about campaigning for a fair deal for tenants, instead of running articles about the property owners

increasing rents slightly since controls were lifted.

When we moved into our apartment in May of 1952, our rent was \$93. As of May 1954, it will be \$125—an increase of \$32 a month for a 5-room apartment on the third floor of an old, rundown building.

There are many apartment buildings in Chicago where rents have been increased up to 50 percent. The tenants are all trapped because there is no place to move where service is better, or where the tenants get a fair deal.

TOURISSE GREENFIELD.

CHICAGO, March 25.—Last week this writer and his fellow tenants received notice that their rents would be raised. A 10-percent raise was given last year, but this year the increase ranged from 25 to 40 percent.

FAIR PLAY.

CHICAGO, March 24.—Since the ending of rent control our landlord has increased the rent in this building 40 percent and he has provided no decorating.

Mrs. E. R.

#### SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 10 minutes today, following the legislative program and any special orders heretofore entered.

#### FOREIGN ECONOMIC POLICY OF THE UNITED STATES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 360)

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on Ways and Means, and ordered to be printed:

#### *To the Congress of the United States:*

I submit herewith for the consideration of the Congress recommendations concerning the foreign economic policy of the United States.

Due to the urgency and significance of our problems in this area, I previously recommended, and the Congress approved, the establishment of the Commission on Foreign Economic Policy. Its membership, consisting of 17 elected officials and private citizens, was drawn from all parts of the country and represented diverse points of view. The Commission's report, prepared in the American tradition of full debate and vigorous dissent, has been carefully reviewed by the various executive departments of the Government and forms the basis for the program I submit in this message.

Before the Commission began its deliberations, I said to its members:

I commend to you an attitude both realistic and bold. Above all, I urge you to follow one guiding principle: What is best in the national interest.

The national interest in the field of foreign economic policy is clear. It is to obtain, in a manner that is consistent with our national security and profitable and equitable for all, the highest possible level of trade and the most efficient use of capital and resources. That this would also strengthen our military allies adds urgency. Their strength is of crit-

ical importance to the security of our country.

Great mutual advantages to buyer and seller, to producer and consumer, to investor, and to the community where investment is made, accrue from high levels of trade and investment. They accrue no less in trade from nation to nation than in trade from community to community within a single country. The internal strength of the American economy has evolved from such a system of mutual advantage.

In the press of other problems and in the haste to meet emergencies, this Nation—and many other nations of the free world—have all too often lost sight of this central fact. Worldwide depression and wars, inflation and resultant economic dislocations, have left a sorry heritage: a patchwork of temporary expedients and a host of restrictions, rigidities, interferences, and barriers which seriously inhibit the expansion of international trade. Thus are impeded the very forces which make for increased production, employment, and incomes.

The tasks of repairing the physical damage caused by the catastrophe of war have been substantially achieved. The creation of an adequate system of defense for the free world is well advanced. Most of the countries which suffered the ravages of war have made remarkable headway toward financial stability and increased production. Their own efforts have been greatly aided by our assistance and yet, despite this recovery, we and other free nations are still severely limited by the persistence of uneconomic, manmade barriers to mutual trade and the flow of funds among us.

Together we and our friends abroad must work at the task of lowering the unjustifiable barriers—not all at once but gradually and with full regard for our own interests. In this effort, the United States must take the initiative and, in doing so, make clear to the rest of the world that we expect them to follow our lead.

Many foreign restrictions have been imposed as a consequence of the so-called dollar gap. This phrase has become the symbol of the failure of the free world to find a lasting solution to the imbalance of international payments. We should no longer fill it by major grants to enable other nations to secure what they need but cannot buy. Our aim must not be to fill the dollar gap, but rather to help close it. Our best interest dictates that the dollar gap be closed by raising the level of trade and investment.

The United States stands ready and able to produce and sell more than the rest of the world can buy from us. The inability of many foreign countries to buy our goods in the volume we would like to sell does not arise from any lack of desire for these goods. Such is far from the case. Instead it arises out of an inability of these nations to pay—in dollars—for the volume we have to sell. Dollar grants are no lasting solution to this impasse.

The solution is a higher level of two-way trade. Thus we can sell and receive

payment for our exports and have an increasing volume of investment abroad to assist economic development overseas and yield returns to us. Greater freedom from restrictions and controls and the increased efficiencies which arise from expanding markets and the freer play of economic forces are essential to the attainment of this higher trade level.

Failure so to move will directly threaten our domestic economy, for it will doom our efforts to find ways by which others, through their own efforts, can buy our goods. The only practicable alternative is to reduce exports. Our farms would have to sell less, since the products of 40 million acres, amounting to 10 to 12 percent of our agriculture, would have to find their market outside our own country. Moreover, if their export markets were curtailed, American factories now selling their products throughout the world would have to reduce employment. It is a very important fact that over 4 million American workers depend on international trade for their employment.

Beyond our economic interest, the solidarity of the free world and the capacity of the free world to deal with those who would destroy it are threatened by continued unbalanced trade relationships—the inability of nations to sell as much as they desire to buy. By moving boldly to correct the present imbalance, we shall support and increase the level of our exports of both manufactured and agricultural products. We shall, at the same time, increase the economic strength of our allies. Thus shall we enhance our own military security by strengthening our friends abroad. Thus shall we assure those sources of imports that supplement our domestic production and are vital to our defense. Thus shall we raise our standard of living and aid in the development of a better world for all of us and our children.

#### TARIFFS

I am convinced that the gradual and selective revision of our tariffs, through the tested method of negotiation with other nations, is an essential ingredient of the continuing growth of our domestic economy. An expression of our willingness to negotiate further will offer needed leadership toward the reduction of trade and payments barriers that limit markets for our goods throughout the world.

The Commission on Foreign Economic Policy recommended a 3-year extension of the Trade Agreements Act with amendments to authorize:

(a) Reduction, pursuant to trade-agreement negotiation, of existing tariff rates on commodities selected for such negotiations by not more than 5 percent of present rates in each of the 3 years of the new act;

(b) Reduction, by not more than one-half over a 3-year period, of tariffs in effect on January 1, 1945, on products which are not being imported or which are being imported only in negligible volume; and

(c) Reduction, over a 3-year period, pursuant to trade-agreement negotiation, to 50 percent ad valorem, or its



equivalent, of any rate in excess of 50 percent ad valorem, or its equivalent.

I have approved these recommendations of the Commission and urge their adoption by the Congress. I may also recommend special provisions for negotiation with Japan in view of the economic problems of that country.

The foregoing authority does not contemplate across-the-board tariff reductions. The peril point and escape clause procedures would, of course, be preserved, and the three proposed types of rate reduction would not be cumulative. Tariff reductions would be made selectively on specific commodities, and only after notice and hearings in accordance with past practice. This would represent our part in the gradual and careful approach to the whole problem of improved trade which the world so urgently needs. No sudden, sharp, or widespread adjustments within our economy would be involved.

These escape clause and peril point provisions of our tariff legislation are designed to mitigate injury to our domestic producers from tariff reductions. Whenever recourse is had to these provisions, I shall carefully consider the findings and recommendations of the Tariff Commission. My responsibilities for the welfare of the Nation require that I continue to base my decisions at times on broader grounds than the Tariff Commission is empowered to consider. The Commission on Foreign Economic Policy supports this position.

I have approved the Commission's recommendations that the United States withhold reductions in tariffs on products made by workers receiving wages which are substandard in the exporting country. This policy shall be placed in effect. I have also approved the Commission's recommendations concerning raising of labor standards through consultative procedures and cooperation in international conferences such as those sponsored by the International Labor Organization.

These recommendations for renewal and amendment of the Trade Agreements Act are based on the plain truth that if we wish to sell abroad we must buy abroad.

#### THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Since 1948, virtually all the major trading nations of the world, including the United States, have become parties to a General Agreement on Tariffs and Trade. This agreement has been the principal arrangement by which we in the United States have sought to carry out the provisions and purposes of the Trade Agreements Act.

The Commission on Foreign Economic Policy has recommended that the United States renegotiate the organizational provisions of the agreement, so that the contracting parties acting collectively would confine their functions to sponsoring multilateral trade negotiations, recommending broad trade policies for individual consideration by the legislative or other appropriate authorities in the various countries, and providing a forum for consultation regarding trade disputes.

I shall act promptly upon this recommendation. At the same time, I shall suggest to other contracting parties revisions of the substantive provisions of the agreement to provide a simpler, stronger instrument contributing more effectively to the development of a workable system of world trade. When the organizational provisions of the agreement have been renegotiated, they will be submitted to the Congress for its approval.

#### CUSTOMS ADMINISTRATION AND PROCEDURE

The problems of tariff classification, of proper valuation of imported articles and of procedures for administering the customs are complex and perplexing. Over the years these problems have grown to the point where they now constitute an unwarranted and unintended burden on trade.

The United States may be no worse in this regard than many other nations, but good business practice alone is sufficient to require:

- (a) Simplification of commodity definitions, classifications and rate structure;
- (b) Improvement in the methods of valuation of imports; and
- (c) Establishment of more efficient procedures for customs administration.

To this end I shall propose legislation providing for the simplification of the commodity definitions and rate structures in the Tariff Act, after a study by the Tariff Commission, and subject to appropriate standards to be established by the Congress. Such legislation should also provide for a better method of classification of articles not enumerated in the tariff schedules, and for such improvement in the statutes governing the administration of customs procedures as can be made at this time. In this connection I am directing the Department of the Treasury to keep customs procedures under continuous review and to report to the Congress annually on the difficulties and delays in processing goods through customs, together with recommendations for action to eliminate such obstructions. I further recommend that the antidumping law and procedures under it be changed so far as necessary to permit speedier and more efficient disposal of cases and to prevent undue interference with trade during investigation of suspected dumping.

To provide an improved basis for customs valuations I urge adoption of the Treasury's valuation proposals. These are embodied in H. R. 6584 which has already been passed by the House of Representatives.

#### UNITED STATES INVESTMENT ABROAD

An increased flow of United States investment abroad could contribute significantly to the needed expansion of international trade. It also could help maintain a high level of economic activity and employment in the United States. Further, such investment contributes to the development abroad of primary resources needed to meet our own ever-increasing needs even while it helps to strengthen the economies of foreign countries. In view of the great importance of private investment to our foreign economic policy, I emphasize the

necessity for passage of the administration tax bill already recommended to you and already advanced in your considerations which provides for:

(a) Taxation of business income from foreign subsidiaries or from segregated foreign branches which operate and elect to be taxed as subsidiaries at a rate 14 percentage points lower than the regular corporate rate;

(b) Broadening the definition of foreign taxes which may be credited against the United States income tax to include any tax, which is the principal form of taxation on business in a country, except turnover, general sales taxes or excise, and social-security taxes;

(c) Removing of the overall limitation on foreign tax credits; and

(d) Permitting regulated investment companies concentrating on foreign investment to pass on to their stockholders the credit for foreign taxes which would be available on direct investment.

Further to encourage the flow of private investment abroad, we shall give full diplomatic support, through our activities here and through our missions and representatives in the field, to the acceptance and understanding by other nations of the prerequisites for the attraction of private foreign investment. We shall continue to use the treaty approach to establish common rules for the fair treatment of foreign investment.

In connection with legislation authorizing the mutual security program I suggest that the Congress consider the desirability of broadening the existing authority to guarantee against losses on new investment abroad, so as to cover losses caused by war, revolution, and insurrection.

The Commission has pointed out that uncertainty as to the application of United States antitrust laws to the operations of American firms abroad is a deterrent to foreign investment. It recommended that our antitrust laws be re-stated in a manner which would clearly acknowledge the right of each country to regulate trade within its own borders. At the same time, the Commission insisted that it should be made clear that foreign laws or established business practices which encourage restrictive price, production, or marketing arrangements will limit the willingness of United States businessmen to invest abroad and will reduce the benefits of such investment to the economies of the host countries.

I have requested the Department of Justice to consider this recommendation in connection with its current study of the antitrust laws.

#### BUY AMERICAN LEGISLATION

At present certain of our laws require that, in specified Federal or federally financed procurement, preference be given to domestic firms over foreign bidders. Except where considerations of national security, persistent and substantial unemployment, or encouragement of small business require otherwise, I agree with the Commission that it is improper policy, unbusinesslike procedure, and unfair to the taxpayer for the Government to pay a premium on its purchases.

I request, therefore, that legislative authority be provided to exempt from the provisions of this legislation the bidders from nations that treat our bidders on an equal basis with their own nationals. Meanwhile, the executive branch is clarifying the application of these preference principles to Government procurement. It will limit the price differential favoring domestic producers over foreign bidders to a reasonable percent dependent upon the circumstances over and above whatever tariffs may apply. Discretionary authority, however, must be continued to permit special consideration in Government procurement for the requirements of national security, for the problems of small business, and of areas where persistent and substantial unemployment exists.

#### RAW MATERIALS

This country is blessed with abundant mineral resources, but we must make the most of them if we are to satisfy the ever-increasing appetite of an expanding economy and at the same time maintain an adequate defense posture. We must recognize, however, that it is not possible for this Nation, or any other nation, to produce enough of every metal and mineral needed by modern industry. These materials are not evenly distributed throughout the world. We have to depend on one another. Our foreign economic policies, therefore, must encourage the relatively easy flow of these materials in international trade.

The Commission has made two sets of recommendations which I believe will materially assist in achieving an orderly expansion of mineral production both here and abroad.

The first is that the United States Government should make a constructive contribution toward greater stability of world prices of raw materials by moderating or relaxing impediments to international trade, by encouraging diversification of foreign economies, by avoiding procurement practices which disturb world prices, by consultation with other nations, and by tempering the fluctuations in our own economy.

The second calls for increased encouragement of investment in overseas production by our citizens and the nationals of other countries.

I heartily endorse these recommendations.

The Commission also recommended that domestic sources for raw materials required for military purposes should be assured by direct means and not by tariffs and import quotas. I believe that normally this is sound.

However, I have appointed a special Cabinet committee which is now surveying the whole field of our minerals policy and have drawn their attention to these recommendations.

#### AGRICULTURE

Perhaps no sector of our economy has a greater stake in foreign trade than American agriculture. In recent years, for example, one-third of our wheat, 40 percent of our cotton and rice, and one-fourth of our tobacco and soybeans have been exported. It is highly important to maintain foreign markets for our agricultural products.

Any program designed to serve the interests of American agriculture must take due account of the necessity for export markets. But in the words of the Commission:

It is necessary to harmonize our agricultural and foreign economic policies without sacrificing the sound objectives of either.

I am convinced such reconciliation is possible. Acceptance of the recommendations in my agricultural message of January 11 will, I feel certain, help accomplish this objective.

#### MERCHANT MARINE

With respect to our ocean shipping, we must have a merchant marine adequate to our defense requirements. I subscribe to the principle that such support of our merchant fleet as is required for that purpose should be provided by direct means to the greatest possible extent. Such a policy, however, requires a careful analysis of the means available for providing direct support, its possible effects on foreign-flag vessel carryings, and its total costs before a specific program can be recommended.

The Department of Commerce has already studied this problem at length. Its findings will be further reviewed within the executive branch in order to develop specific recommendations to transmit to the next session of the Congress, in addition to the proposals submitted by the executive branch that are now before the Congress.

#### INTERNATIONAL TRAVEL

International travel has cultural and social importance in the free world. It also has economic significance. Foreign travel by Americans is a substantial source of dollars for many countries, enabling them to pay for what we sell them.

While the promotion of tourism is primarily a responsibility of the countries which welcome visitors, and is a function for private enterprise, there are some specific governmental actions which can be helpful. For example, there is H. R. 8352, which increases the duty-free allowance for tourists from \$500 to \$1,000, exercisable every 6 months. I recommend its passage. From time to time I may have other recommendations for legislative action to stimulate travel.

Meanwhile, in the executive branch, I shall instruct the appropriate agencies and departments, at home and abroad, to consider how they can facilitate international travel. They will be asked to take action to simplify governmental procedures relating to customs, visas, passports, exchange or monetary restrictions and other regulations that sometimes harass the traveler.

#### ECONOMIC AID AND TECHNICAL ASSISTANCE

Assistance extended in the past by the United States to other free nations has played an effective part in strengthening the national security, developing important resources, and opening up significant opportunities, for ourselves and for others. It has also carried with it, in many instances, particularly in technical cooperation and famine relief, a deep humanitarian response by our people. However, economic aid cannot be continued indefinitely. We must distinguish between an emergency and a

chronic malady, between a special case and a general rule.

I subscribe, therefore, to the principle that economic aid on a grant basis should be terminated as soon as possible consistent with our national interest. In cases where support is needed to establish and equip military forces of other governments in the interest of our mutual defense, and where this is beyond the economic capacity of another country, our aid should be in the form of grants. As recognized by the Commission, there may be some cases in which modest amounts of grant aid to underdeveloped countries will importantly serve the interest of security. I further agree that in other situations where the interest of the United States requires that dollars not otherwise available to a country should be provided, such support to the maximum extent appropriate should be in the form of loans rather than grants.

In extending such loans, we must be careful not to interfere with the normal lending activities and standards of the Export-Import Bank. The International Bank is the primary institution for the public financing of economic development. The Export-Import Bank will consider on their merits applications for the financing of development projects, which are not being made by the International Bank, and which are in the special interest of the United States, are economically sound, are within the capacity of the prospective borrower to repay, and within the prudent loaning capacity of the bank.

I approve the recommendations of the Commission on Foreign Economic Policy that the United States participation in technical cooperation programs should be pressed forward vigorously. Such programs should concentrate on providing experts and know-how rather than large funds or shipments of goods except for necessary demonstration equipment. They should not provide capital for investment but should be so administered as to fit into the programs of development of the assisted countries and they should be related to any private or public investment likely to be forthcoming.

Review of the requirements for the Mutual Security Program has been conducted with these principles in mind and substantial reductions in grant aid have been made by this administration. The legislation which I shall later propose for the Mutual Security Program will reflect these principles.

#### EAST-WEST TRADE

In viewing the problems of other nations of the free world we are forced to recognize that the economies of some of them have been weakened by the disruption of the broad historic pattern of trade between East and West.

Curtalement of our aid programs will increase the pressures for resumption of such trade. A greater exchange of peaceful goods between East and West—that is, goods not covered by the Battle Act nor otherwise considered strategic—so far as it can be achieved without jeopardizing national security, and subject to our embargo on Communist China and North Korea, should not cause us undue concern. I shall, of course, take appro-



priate action to insure that our security is fully safeguarded.

#### CONVERTIBILITY

The Commission rightly regards positive progress toward currency convertibility as an indispensable condition for a freer and healthier international trade. Steps toward enabling holders of foreign currencies to convert them freely into other currencies deserve our encouragement.

The Commission has correctly observed that the initiative and responsibility for introducing currency convertibility must rest with the countries concerned. I am happy to say that such initiative is being taken. The British and other members of the Commonwealth of Nations have met twice, in London and in Sydney, to consider plans for convertibility of the pound sterling. The United Kingdom and other important nations of Europe have discussed their aims with us. Individually they are taking constructive steps affecting their own currencies. In addition, discussions among them which are now under way in connection with the renewal of the European Payments Union are being largely influenced by their desire to prepare the way for convertibility.

I have approved the Commission's recommendations for cooperation in strengthening the gold and dollar reserves of countries which have prepared themselves for convertibility by sound internal and external policies. These recommendations do not call for new action by the Congress. Authority and procedures for this purpose already exist. The United States will support the use of the resources of the International Monetary Fund as a bulwark to strengthen the currencies of countries which undertake convertibility. In addition, a study is now being made, as suggested by the Commission, of the possibility of standby credits from the Federal Reserve System.

#### CONCLUSION

What I have outlined to you is a minimum program which should be judged as a whole. Its various parts are interrelated; each requires the other.

Conceived as a whole, this program consists of four major parts:

Aid—which we wish to curtail;  
Investment—which we wish to encourage;  
Convertibility—which we wish to facilitate; and

Trade—which we wish to expand.  
I consider it essential that we achieve each of these objectives, which we must clearly understand are closely interlocked: As we curtail our aid, we must help to close the dollar gap by expanding our foreign investment and trade. This expansion will be facilitated by a return to convertibility of foreign currencies. The return by our friends abroad to convertibility will be encouraged if our trade policy leads them to expect expansion of our foreign trade and investment.

Unless we are prepared to adopt the policies I have recommended to expand export and import trade and increase the flow of our capital into foreign investment, our friends abroad may be discouraged in their effort to reestablish

a free market for their currencies. If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

For our own economic growth we must have continuously expanding world markets; for our security we require that our allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, March 30, 1954.

#### EXCISE TAX REDUCTION ACT OF 1954

Mr. REED of New York. Mr. Speaker, I call up the conference report on the bill (H. R. 8224) to reduce excise taxes, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

#### CONFERENCE REPORT (H. REPT. NO. 1446)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8224) to reduce excise taxes, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 4, 21, 22, 23, 24, 26, 27, 28, 29, 32, 33, 34, 37, 38, and 39.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 5, 8, 9, 10, 12, 13, 15, 16, 17, 20, 25, 30, 31, 35, 36, 40, 41, 42, 43, 46, 47, 48, 49, 50, 51, 52, 53, and 54 and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(f) Exemption of Admissions of Fifty Cents or Less: Section 1700 (a) (1) (relating to rate of tax on single or season tickets and subscriptions) is hereby amended by striking out the second sentence thereof and inserting in lieu thereof the following: 'No tax shall be imposed under this paragraph on the amount paid for admission—

"(A) if the amount paid for admission is 50 cents or less, or

"(B) in the case of a season ticket or subscription, if the amount which would be charged to the holder or subscriber for a single admission is 50 cents or less."

And the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: On page 3 of the Senate engrossed amendments strike out lines 16 through 22, inclusive, and insert "subsection (a) applies".

"(4) The last sentence of section 1700 (e) (1) (relating to tax on cabarets, roof gardens, etc.) is hereby amended by striking out 'subsection (a) (1)' and inserting in lieu thereof 'paragraph (1) or (3) of subsection (a)'."

And the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amend-

ment of the Senate numbered 11, and agree to the same with amendments as follows:

On page 5, line 16, of the Senate engrossed amendments, strike out "Civic" and insert "Certain Amateur."

On page 6 of the Senate engrossed amendments strike out lines 1 through 5 inclusive, and insert:

"(f) Certain Amateur Theater Performances: Any admission to an amateur performance presented and performed by a civic or community theater group or organization—if no part of the net earnings thereof inures to the benefit of any private stockholder or individual."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The amendments made by section 201 (other than subsection (b) thereof) shall apply only with respect to amounts paid for admissions on or after April 1, 1954. In addition, such amendments shall apply—

"(1) in the case of any season ticket or subscription, only if all the admissions under such ticket or subscription can occur only on or after April 1, 1954; and

"(2) in the case of the permanent use of a box or seat or a lease for the use of such box or seat, only if all the performances or exhibitions at which the box or seat is used or reserved by or for the lessee or holder can occur only on or after April 1, 1954.

The amendment made by subsection (b) shall apply only with respect to amounts paid on or after April 1, 1954, for admissions on or after such date."

And the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18 and agree to the same with an amendment as follows: On page 7, line 21, of the Senate engrossed amendments, after "machining operations", insert "(including forging, drawing, rolling, shearing, punching, and stamping)"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19 and agree to the same with amendments, as follows:

Beginning on page 8, line 25, of the Senate engrossed amendments, strike out "is held on such date" and insert "on such date is held".

On page 9, line 4, of the Senate engrossed amendments, strike out "one-half" and insert "the difference between".

On page 9, line 5, of the Senate engrossed amendments, strike out "article," and insert "article and the tax made applicable to such article on and after April 1, 1954."

On page 10, line 6, of the Senate engrossed amendments, after "section" insert "to the same extent as if such credits or refunds constituted credits or refunds of such taxes."

And the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44 and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Sec. 506. Special Credit or Refund of Transportation and admissions taxes.

"Notwithstanding any other provision of law, in any case in which tax has been collected prior to April 1, 1954, at the rate in effect (without regard to the amendments made by this Act) prior to April 1, 1954, for or in connection with the transportation of persons which begins on or after April 1, 1954, or for admissions (referred to in section 201, other than subsections (b), (c), and (g) thereof, of this Act) on or after April 1, 1954, the person who collected the tax shall pay the same over to the United States; but

credit or refund (without interest) of the tax collected in excess of that applicable (by reason of the amendments made by this Act) on or after April 1, 1954, shall be allowed to the person who collected the tax as if such credit or refund were a credit or refund under the applicable provision of the Internal Revenue Code, but only to the extent that, prior to the time such transportation has begun or prior to the event to which the right to admission relates, he has repaid the amount of such excess to the person from whom he collected the tax, or has obtained the consent of such person to the allowance of the credit or refund. For the purpose of this Act, transportation shall not be considered to have begun on or after April 1, 1954, if any part of the transportation paid for (or for which payment has been obligated) commenced before April 1, 1954."

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45 and agree to the same with an amendment as follows: On page 13, line 10, of the Senate engrossed amendments, strike out "506" and insert "507"; and the Senate agree to the same.

DANIEL A. REED,  
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JERE COOPER,  
W. D. MILLS,

*Managers on the Part of the House.*

E. D. MILLIKIN,  
HUGH BUTLER,  
EDWARD MARTIN,  
ED C. JOHNSON,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8224) to reduce excise taxes, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1 and 2: These are clerical amendments. The Senate recedes.

Amendment No. 3: Under existing law, the admissions tax in the case of roof gardens, cabarets, and similar places is 20 percent. The bill as passed the House would have reduced the rate of tax to 10 percent. The Senate amendment continues the 20 percent rate. The House recedes.

Amendment No. 4: This is a clerical amendment. The Senate recedes.

Amendment No. 5: This amendment provides that the tax on admissions shall be 1 cent for each 10 cents or major fraction thereof. Under the House bill the tax would be 1 cent for each 10 cents or fraction thereof. The House recedes.

Amendment No. 6: This amendment (for which there is no corresponding provision in the House bill) provides that the tax on admissions under section 1700 (a) (1) of the Internal Revenue Code will not apply in the case of any admission of 60 cents or less. The House recedes with an amendment under which such tax will not apply in the case of any admission of 50 cents or less.

Amendment No. 7: This amendment (for which there is no corresponding provision in the House bill) retains the existing rate of one cent for each 5 cents or major fraction thereof in the case of admissions, if the principal amusement or recreation offered with respect thereto is horse or dog racing at a race track. This amendment also contains technical provisions with respect to the tax on permanent use or lease of box seats, sales outside the box office, and cabarets, which are necessary because of the higher rate of tax on admissions to such racing events. The House recedes with a technical amendment.

Amendment No. 8: Under this amendment (for which there is no corresponding provision in the House bill) admissions to an athletic game between teams composed of students from elementary or secondary schools would be exempt from tax, if the entire gross proceeds from such game inure to the benefit of a hospital for crippled children. Under existing law the game must be between two elementary or secondary schools. The House recedes.

Amendment No. 9: Under this amendment (for which there is no corresponding provision in the House bill) admissions to athletic games and exhibitions and to wrestling and boxing matches between educational institutions will be exempt if held during the regular athletic season for such event and if the proceeds therefrom inure exclusively to the benefit of such institutions. The House recedes.

Amendment No. 10: Under existing law admissions to historic sites, houses, and shrines, and museums conducted in connection therewith, maintained and operated by certain societies and organizations are exempt from tax. Under the Senate amendment (for which there is no corresponding provision in the House bill) the existing exemption is continued. In addition, this amendment exempts from tax admissions to certain museums of history, art, and science and to planetariums operated by States or their political subdivisions, by the United States, or by nonprofit societies and organizations. The amendment also extends the existing exemption for historic sites, houses, and shrines to those operated by States or their political subdivisions or by the United States. The House recedes.

Amendment No. 11: Under this amendment (for which there is no corresponding provision in the House bill) there is exempted from tax admissions to performances presented by a civic theater or community theater group or organization, if no part of the net earnings thereof inures to the benefit of any private stockholder or individual. The House recedes with amendments making it clear that the exemption is to apply only in the case of amateur performances which are presented and performed by a civic or community theater group or organization.

Amendments Nos. 12 and 13: The House bill reduced the tax on dues and memberships, and the tax on initiation fees, from the existing rate of 20 percent to 10 percent. The Senate amendments continue the 20 percent rate for both taxes. The House recedes.

Amendment No. 14: This is a technical amendment relating to the effective date for the changes in the taxes on admissions and dues. The House recedes with technical and conforming changes.

Amendment No. 15: The House bill reduced the tax on firearms, shells, and cartridges from 11 percent to 10 percent. Under the Senate amendment the existing 11 percent rate is retained. The House recedes.

Amendment No. 16: This is a clerical amendment. The House recedes.

Amendment No. 17: Under this amendment (for which there is no corresponding provision in the House bill) it is provided that the existing rate of tax of 2 cents per 1,000 matches shall not exceed 10 percent of the price for which the matches are sold by the producer, manufacturer, or importer. The House recedes.

Amendment No. 18: Under this amendment (for which there is no corresponding provision in the House bill) it is provided that the existing rate of tax on lubricating oils of 6 cents a gallon shall not, in the case of oils used primarily in cutting and machining operations on metals and known commercially as cutting oils, exceed 10 percent of the price for which such cutting oils are sold by the manufacturer or producer. The House recedes with an amendment making it clear that the term "cutting and ma-

chining operations", as used in the Senate amendment, includes forging, drawing, rolling, shearing, punching, and stamping.

Amendment No. 19: Under this amendment (for which there is no corresponding provision in the House bill) the manufacturers' excise taxes on refrigerators, quick-freeze units, and electric, gas, and oil appliances are reduced from 10 percent to 5 percent. The Senate amendment also includes a provision for floor stocks refunds on such articles. The House recedes with technical amendments to the floor stocks refund provisions.

Amendment No. 20: This is a clerical amendment. The House recedes.

Amendment No. 21: This is a clerical amendment. The Senate recedes.

Amendment No. 22: This is a clerical amendment. The Senate recedes.

Amendment No. 23: The House bill reduced from 20 to 10 percent the tax on the use of safe deposit boxes. Under the Senate amendment, the existing 20 percent rate is retained. The Senate recedes.

Amendment No. 24: This is a clerical amendment. The Senate recedes.

Amendment No. 25: This is a technical amendment to correct an error in the House bill. The House recedes.

Amendment No. 26: This is a clerical amendment. The Senate recedes.

Amendment No. 27: This is a clerical amendment. The Senate recedes.

Amendment No. 28: This is a clerical amendment. The Senate recedes.

Amendment No. 29: This is a technical amendment relating to the effective date for the termination of the war tax rate insofar as it relates to roof gardens, cabarets, and similar places. The Senate recedes.

Amendments Nos. 30 and 31: These amendments provide that, in the case of floor stocks refunds on electric light bulbs and tubes, claim for credit or refund must be filed before August 1, 1954, and based on a request for reimbursement by the person holding the light bulbs or tubes which is submitted to the manufacturer or producer before July 1, 1954. The House recedes.

Amendment No. 32: This is a clerical amendment. The Senate recedes.

Amendment No. 33: This is a clerical amendment. The Senate recedes.

Amendment No. 34: This is a clerical amendment. The Senate recedes.

Amendment No. 35: This is a technical amendment relating to the effective date of certain provisions of the bill. The amendment provides that in determining whether such provisions apply, an article shall not be considered sold before April 1, 1954, unless possession or right to possession passes to the purchaser before such date. The House recedes.

Amendment No. 36: This is a technical amendment made necessary by amendment No. 35. The House recedes.

Amendment No. 37: This was a technical amendment made necessary by amendment No. 23. The Senate recedes.

Amendments Nos. 38 and 39: These were clerical amendments. The Senate recedes.

Amendments Nos. 40, 41, 42, and 43: These amendments make technical and clerical changes made necessary by other amendments. The House recedes.

Amendment No. 44: This amendment adds to the bill a new section relating to the crediting or refunding of overpayments of tax on admissions and on transportation where an excessive amount of tax is collected before April 1, 1954, for transportation of persons beginning on or after April 1, 1954, or for admissions on or after such date. The House recedes with technical and conforming changes.

Amendment No. 45: Under existing law, the tax on benzol, benzene, naphtha, and certain other liquids is paid by the producer, and then if the liquid is sold for use or used in farm tractors or other than in motor vehicles, motorboats, or airplanes, a refund



or credit is allowable. Under the Senate amendment, the tax will be collected at the retail level if the fuels are sold for use or used in motor vehicles, motorboats, or airplanes; and no tax will be collected if they are sold or used for other purposes. Under the Senate amendment, the rates of tax are the same as under the bill as it passed the House. The House recedes with a clerical amendment which changes the section number.

Amendment No. 46: This amendment strikes out matter which becomes surplusage by reason of amendment No. 45. The House recedes.

Amendments Nos. 47, 48, 49, 50, 51, 52, 53, and 54: These are clerical amendments made necessary by amendments Nos. 45 and 46. The House recedes.

DANIEL A. REED,  
THOMAS A. JENKINS,  
RICHARD M. SIMPSON,  
JERE COOPER,  
W. D. MILLS,

*Managers on the Part of the House.*

Mr. REED of New York. Mr. Speaker, H. R. 8224, the excise tax reduction bill, was in my opinion an excellent bill as it passed the House.

As requested by the President, the House bill extends for 1 year the present tax rates on liquor, beer, wine, cigarettes, gasoline, automobiles, trucks, buses, parts, and accessories, and diesel fuel. These extensions will maintain \$1,070,000,000 revenues from these sources.

The House bill also reduced to 10 percent all excise tax rates above that figure. That reduction would have involved a revenue loss of \$912 million. Not only was that reduction designed to increase consumer purchasing power and stimulate business and employment generally, but the reduction also introduced for the first time the principle of equal treatment in the excise-tax field.

The Senate bill adopted the House bill in large part. However, in some instances the Senate bill retained existing excise rates which are above 10 percent and in other cases lowered existing rates below that figure. As a result, the Senate bill departed from the principle of uniform treatment which the House had adopted. The Senate bill involved a revenue loss of \$1,019,000,000. This was \$107 million greater than the House bill. As agreed to by the conferees, the bill involves a revenue loss of \$999 million, a saving over the Senate bill of \$20 million.

The following are the major agreements reached by the conferees:

First. The present 20 percent tax on cabarets is retained instead of reducing it to 10 percent as provided in the House bill.

Second. The tax on admissions is to be imposed at the rate of 1 cent for each

10 cents or major fraction thereof instead of 1 cent for each 10 cents or fractions thereof.

Third. The present 20 percent tax for admissions to horse and dog racetracks is retained.

Fourth. An exemption from the admissions tax is provided for games between teams composed of students from elementary or secondary schools where the profits inure to the benefit of hospitals for crippled children. Present law already allows an exemption in such cases where games are between two secondary or elementary schools.

Fifth. Athletic events between educational institutions during the regular athletic season will be entirely exempt from the admissions tax.

Sixth. Admission tickets costing 50 cents or less will be exempt from tax. The Senate bill provided an exemption for tickets costing up to 60 cents. The conference agreement saves the Treasury \$25 million over the Senate version.

Seventh. Admissions to nonprofit museums and planetariums will be exempt.

Eighth. Admissions to civic theater performances will be exempt but, at the insistence of the House conferees, the exemption is specifically limited to amateur performances.

Ninth. The present 20-percent tax on club dues and initiation fees is retained instead of reducing this tax to 10 percent.

Tenth. The present 11-percent tax on firearms, shells, and cartridges is retained instead of reducing this tax to 10 percent. This amendment is desirable because the receipts from this tax are earmarked for conservation purposes.

Eleventh. The House conferees agreed to the Senate amendment providing that the tax on regular matches is not to exceed 10 percent of the manufacturer's price. This Senate amendment is in line with the theory of the House bill that excises should be limited wherever possible to 10 percent.

Twelfth. The tax on safe deposit boxes is reduced from 20 to 10 percent instead of retaining the tax at 20 percent as provided in the Senate bill.

Thirteenth. In the case of cutting oils the tax is not to exceed 10 percent of the manufacturer's price. The definition of cutting oil is clarified to indicate specifically that machining operations includes forging, drawing, rolling, shearing, punching and stamping.

Fourteenth. The tax on refrigerators, quick-freeze units, and electric, gas, and oil appliances is reduced from 10 to 5 percent. Provision is also made for floor

stock refunds with respect to these taxes.

Fifteenth. Manufacturers of light bulbs are to be given 4 instead of 3 months to file their claims for floor stock refunds but the retailers, wholesalers, and others still are to complete their requests to the manufacturers for refunds within 3 months.

Sixteenth. Articles subject to retail and manufacturers excises which are reduced by the bill are to be considered sold before April 1, 1954, only if possession or right to possession passes before that date. This provides for layaway plans.

Seventeenth. In the case of the taxes on general admissions and on transportation of persons, the reduced rates are to apply to tickets purchased before April 1 if for use after that date.

Eighteenth. The bill provides for a retail instead of a manufacturer's tax in the case of tractor fuel, solvents, and other gasoline substitutes. The effect of this change is to make refunds unnecessary where these fuels are used for non-highway purposes.

Mr. Speaker, I will not pretend to be completely satisfied by the conference report. I opposed in conference many of the Senate amendments which the House conferees finally agreed to accept. Of course, I favor tax reduction. No one can question my record on that score. However, I believe that the House bill with its principle of equality of treatment represented the sound formula for excise reduction. The conference bill on the other hand retains several of the present discriminatory 20-percent rates. At the same time, it reduces the taxes on a number of other items below 10 percent.

Unfortunately, we have had very little time to work on this bill. As the Members of the House know, this bill must become law by April 1. If the bill is not signed by midnight tomorrow night, over a billion dollars in revenue from liquor and other taxes will be lost. This imminent expiration date made impossible the careful consideration which should mark tax conferences. Deadlines and termination dates do not make for good tax legislation. Under the circumstances, the conference report appears to be the best compromise possible.

Mr. Speaker, I ask unanimous consent to include at this point in the RECORD a table showing the revenue effects of this bill.

THE SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The table referred to is as follows:

*H. R. 8224, Excise Tax Reduction Act of 1954—Effect of action taken by House, Senate, and conference*

	Rates under present law	House action		Senate action		Conference action	
		Rates	Reduction in collection (full year effect)	Rates	Reduction in collection (full year effect)	Rates	Reduction in collection (full year effect)
			Millions of dollars		Millions of dollars		Millions of dollars
Retailers' excise taxes:							
Furs	20 percent	10 percent	20	10 percent	20	10 percent	20
Jewelry	do	do	100	do	100	do	100
Luggage	do	do	40	do	40	do	40
Toilet preparations	do	do	55	do	55	do	55
Manufacturers' excise taxes:							
Sporting goods	15 percent	do	3	do	3	do	3
Mechanical pens, pencils, lighters	do	do	4	do	4	do	4
Electric light bulbs and tubes	20 percent	do	20	do	20	do	20
Pistols and revolvers	11 percent	do	Negative	do	Negative	do	Negative

H. R. 8224, Excise Tax Reduction Act of 1954—Effect of action taken by House, Senate, and conference—Continued

	Rates under present law	House action		Senate action		Conference action	
		Rates	Reduction in collection (full year effect)	Rates	Reduction in collection (full year effect)	Rates	Reduction in collection (full year effect)
			Millions of dollars		Millions of dollars		Millions of dollars
<b>Manufacturers' excise taxes:—Continued</b>							
Firearms, shells, and cartridges	11 percent	10 percent	1	11 percent		11 percent	
Cameras, lenses, and film	20 percent	do	15	10 percent	15	10 percent	15
Electric, gas, and oil appliances	10 percent	No change		5 percent	85	5 percent	85
Refrigerators, freezers (excluding air-conditioners)	do	do		do		do	
Matches	2 cents per 1,000	do		Not to exceed 10 percent	4	Not to exceed 10 percent	4
Lubricating oil: Cutting oil	6 cents per gallon	do		do	1	do	1
<b>Miscellaneous excise taxes:</b>							
Long-distance telephone, telegraph, etc.	(1)	10 percent	235	10 percent	235	10 percent	235
Local telephone	15 percent	do	125	do	125	do	125
Transportation of persons	do	do	95	do	95	do	95
Leases of safe deposit boxes	20 percent	do	5	20 percent		do	5
Admissions:							
General	do	do	152	10 percent if price exceeds 60 cents. <sup>2</sup>	* 217	10 percent if price exceeds 50 cents. <sup>2</sup>	* 192
Cabarets	do	do	23	20 percent		20 percent	
Club dues	do	do	19	do		do	
<b>Total reduction</b>			<b>912</b>		<b>1,019</b>		<b>999</b>

<sup>1</sup> Telephone or radio-telephone messages, toll charges over 24 cents, 25 percent; domestic telegraph, cable, and radio dispatches, 15 percent; international telegraph, cable and radio dispatches, 10 percent; leased wire service, teletypewriter, or talking circuit special service, 25 percent.

<sup>2</sup> The rate on all admissions to horse and dog races remains at 20 percent with no exemption. Admissions to school athletics (excluding postseason games) and to museums and civic theaters are exempt from tax.

Mr. REED of New York. Mr. Speaker, I yield 10 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I urge that the conference report be adopted. The major amendments made by the Senate which were agreed to by the House conferees relate to an exemption from the admissions tax and a reduction in the tax on appliances. There are also several minor amendments, which I shall enumerate.

As the bill passed the House, it provided for reductions in excise taxes of \$912 million. As it passed the Senate, the reductions would have been \$1,019 billion. As agreed to in conference, the reductions would be \$999 million, or \$87 million more than as the bill passed the House.

No changes were made by the Senate in the provisions extending for 1 year certain excise-tax rates which were increased by the Revenue Act of 1951. This extension would produce \$1,077 billion in revenue.

#### ADMISSIONS TAX

The bill as reported by the conferees would provide for an exemption from the tax on admissions of those admissions where the charge is 50 cents or less. This includes, of course, admissions to motion-picture theaters, as well as to all other places. Where the admission charge is above 50 cents, the 10-percent rate provided for in the bill would be fully applicable. The revenue loss over the House bill would be \$40 million. I strongly support this provision.

An exception would be provided for admissions to horse and dog races, and the rate would remain at the present 20 percent rather than being reduced to 10 percent, as is true in the case of other admissions. The revenue gain from this provision over the House bill would be \$6 million.

A technical amendment made by the Senate would provide that the admissions tax shall be 1 cent for each 10 cents or major fraction thereof, instead of fraction thereof as provided for in the House bill.

The House conferees agreed to the following exemptions from admissions tax, as provided for in the Senate bill:

First. Admissions to athletic games between teams of students from elementary and secondary schools where the proceeds from the games inure to the benefit of hospitals for crippled children. This merely broadens the exemption contained in present law, which limits the games exempted to those played between two elementary or secondary schools, by permitting students from different schools to be selected to play on the teams.

Second. Admissions to school or college athletic events where the events take place during the regular athletic season for such events, and the proceeds inure to the institutions involved. Revenue loss over House bill, \$6 million.

Third. Admissions to museums and planetariums operated by a nonprofit organization or a governmental unit; and

Fourth. Admissions to nonprofit civic or community theater performances, where the performers are amateurs.

The House bill reduced the cabaret, roofgarden, and so on, tax from 20 to 10 percent. The Senate bill provided no reduction in the tax, and the House conferees agreed to the Senate provision. This increases revenue \$23 million over the House bill.

The House bill would have reduced the tax on dues and membership fees from 20 to 10 percent. The Senate restored this tax to its present rate, and the House conferees agreed to this. The revenue gain over the House bill is \$19 million.

#### APPLIANCES

The Senate bill provided for a reduction from 10 percent to 5 percent of the tax on electric, gas, and oil appliances, refrigerators, and quick-freeze units of the household type. The appliances include such things as stoves, clothes driers, dishwashers, fans, and so on. A refund of taxes would be provided for these items which are held by wholesalers, jobbers, distributors, and retailers

for sale on April 1, 1954. The loss from this reduction would be \$85 million.

#### MATCHES

The tax on so-called ordinary matches is now 2 cents per 1,000 matches. The House conferees agreed to the Senate amendment which provides that this tax shall not exceed 10 percent of the price for which ordinary matches are sold by manufacturers. The revenue loss is \$4 million.

#### SAFE DEPOSIT BOXES

The House bill would have reduced the present 20 percent tax on safe deposit boxes to 10 percent. The Senate bill restored this tax to 20 percent. The Senate conferees agreed to the reduction provided for in the House bill. The revenue involved is a loss of \$5 million.

#### CUTTING OILS

A 6 cents per gallon tax is imposed on manufacturers and producers of cutting oils. The House agreed to the Senate amendment providing that this tax shall not exceed 10 percent of the price for which such oils are sold. These oils are used in cutting, rolling, and machining operations on metals. The revenue loss is \$1 million.

#### TRACTOR FUELS AND SOLVENTS

At the present time, a 2 cents per gallon tax is imposed on producers of benzol, benzene, naphtha, and other liquid fuels, and the tax must be collected and refunded where such fuels are used in farm tractors or other than in motor-propelled vehicles, and so on. The House agreed to the Senate provision which imposes this tax at the retail level, and exempts such liquids from tax when used in farm tractors or other than in motor vehicles, and so on.

#### FIREARMS, SHELLS, AND CARTRIDGES

The House bill reduced the tax on firearms, shells and cartridges from 11 to 10 percent. The Senate restored the 11 percent tax, and the House conferees agreed to the Senate provision. The tax collections from this source are used for wildlife conservation, and all interested parties urged that there be no reduction



in the tax. The increased collections from the 11 percent tax compared to 10 percent amount to \$1 million.

#### TECHNICAL AMENDMENTS

The House bill provided that manufacturers of light bulbs would be permitted 3 months after April 1 in which to file claims for refunds of taxes on floor stocks due to the reduction of the tax on electric light bulbs from 20 to 10 percent. The House conferees agreed to the Senate amendment, providing 4 months within which to file claims for refunds.

The House conferees agreed to the Senate amendment providing for a refund of the tax on transportation of persons and admissions where the tickets are sold before April 1 but the transportation does not begin until on or after April 1, or the ticket is for admission on or after April 1.

The House conferees agreed to a Senate amendment providing that an article shall not be considered as sold before April 1 unless possession or right to possession passes to the purchaser. This refers in particular to so-called lay-aways.

The conferees also agreed to other minor technical amendments.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The net result of the action taken by both branches as represented in the conference report is the loss of \$999 million in the Eisenhower budget; is that correct?

Mr. COOPER. That is correct.

Mr. McCORMACK. Has the gentleman been advised as to whether the President favors this bill or looks upon it with favor? Or does he know of any information that has been given to the House as to the position of the President on this bill?

Mr. COOPER. I do not, of course, speak for the President.

Mr. McCORMACK. I understand that.

Mr. COOPER. I have not received any information. I refer the question to the gentleman from New York [Mr. REED], who might be able to answer it.

Mr. REED of New York. I have not had any communication from the President with reference to this bill. But I can assure you that he is always for sound legislation, and this is sound.

Mr. McCORMACK. That is rather interesting and rather amusing.

Mr. FORAND. Mr. Speaker, will the gentleman from New York yield for a very brief question?

Mr. REED of New York. I yield.

Mr. FORAND. Mention has been made of the fact that provision has been made for the refund of taxes on floor stocks of household appliances and light bulbs. Has similar provisions been made for other items on which the excise tax is being reduced?

Mr. REED of New York. No, it has not.

Mr. FORAND. I have received several communications from department stores that are very much exercised over this, and I would like to have some kind of reply to give them.

Is it the plan of the chairman of the committee to consider these inequities or are we going to let them go by the board?

Mr. REED of New York. We are going to correct as many inconsistencies as may develop. That is what the committee is for.

Mr. FORAND. It is the intention of the chairman, then, to have the committee look into those situations?

Mr. REED of New York. So far as other legislation will permit.

Mr. FORAND. I thank the gentleman.

Mr. REED of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, it is a matter of common knowledge that for the past 3 or 4 weeks we here in Congress have had for consideration a great deal of tax legislation. I know, of course, that nobody is going to be confused here today with reference to this legislation that we are now considering, because this legislation applies only to the reduction of what we call the excise taxes. Excise taxes are those taxes that are closest to the people for these taxes apply to all classes of people and the rich and the poor alike pay the same excise tax.

When this subject and this bill were before the House, we debated it at great length, and we had what I thought was a very good time doing it inasmuch as there was a great deal of interest. The Democrats tried to defeat it, and failing in this they made a motion to send the bill back to the committee for further consideration, but they failed to do so. The Republicans had agreed to give the people relief from these terrific taxes and they did so by passing this bill.

The House at that time spoke very emphatically and we reduced the taxes by \$912 million. By this action we gave back to the people \$912 million. We gave the ladies relief from paying big prices for toilet preparations and many commodities that they must have. We gave to the jewelers about \$100 million—I mean the small jewelers, not the big department stores. We gave to the telephone and telegraph users a considerable amount—I think about \$200 million. We gave a million here and a million there until we accomplished what I think was a remarkable feat of giving back to the people \$912 million.

That bill, of course, went to the Senate and in due course the Senate took it up; in fact they took it up immediately, they did not lose any time. It is natural, of course, for that body to make some changes. They would not feel right if they did not make some changes, and we would not feel right if that great body would miss a chance to put its stamp on the legislation in some way. And we are always glad that that great body gives our work their attention. In due course they made their report and they found they could reduce the taxes of the people by an additional \$136 million or more. I wondered how they were going to do that, but they, in their own way, did it.

As you all well know, that when the two Houses of Congress have passed on

a piece of legislation and have failed to agree that then the legislation is sent to a conference committee made up of 5 Congressmen from the members of the Ways and Means Committee of the House and 5 Senators.

So we, the 5 Members of the House and the 5 Members of the Senate, had a conference, which was just a short one. We concluded it in two short sessions yesterday and we agreed on the matters in disagreement quickly and amicably. The Senate had increased the amount of taxes to be reduced by \$136 million. I do not have time to give you the figures which make this \$136 million. In the conference we, the Members of the House, succeeded in reducing the changes made by the Senate by \$49 millions. This made the savings of the Senate amount to \$87 million. Adding this \$87 million to the amount we had already voted, to wit, \$912 million, that means it comes to a total of \$999 million.

Why do I go into detail about this? I am proud of it; I think you have a right to be proud of it, too; we all have a right to be proud of it. The people wanted a reduction in their excise taxes. Some wanted this, some wanted the other, and we are giving them today by this conference report the sum of \$999 million. That is quite an accomplishment, and I am proud of any little part I may have had in it, because I can tell my people that anyhow we have done this much in fulfilling our promise to reduce taxes.

Let us see what the changes were that the Senate wanted. The Senate wanted to do one or two things very badly. They wanted to tax cabarets a little more than we had taxed them. That did not worry me very much. I thought we could get along with that and do pretty well. I live in a rural section of the country and I do not know whether we have many cabarets or not. If we do then I want them to have the same treatment as the cabarets got in other sections. But anyway it did not worry me. If that great august body wanted to jump their taxes a little bit more than we had it was perfectly satisfactory with me.

The next thing they wanted to do was cut the price of admissions to moving picture theaters. You will remember that we voted in this House some months ago to cut out the admissions or the tax on admissions for moving picture theaters entirely. I had already voted on that, I was willing to cut them off entirely and not have any tax on admissions at all. Especially as to the small theaters. However, that bill we passed some time ago did not become a law. Our good President vetoed it. Now we had to come back and try it again. The august body on the other side of the Capitol decided that they would reduce the taxes on moving picture theaters; of course, this was perfectly satisfactory with us. The Senate fixed the figure at 60-cent admissions but we cut them down from 60 to 50 where we were at the beginning. Now this bill gives complete relief to the hundreds of small moving picture theaters in the country which charges 50 cents or less for admission.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to my distinguished friend the gentleman from Texas.

Mr. RAYBURN. The gentleman is talking about the tax on admissions. He voted for that last year but did he vote for it this year? We had a motion to recommit here that I understand lost. Last year and this year are two different years.

Mr. JENKINS. Yes. I voted this year against the motion to recommit which the Democrats tried to pass and if the Congress had passed the motion of the Democrats it might never have gotten this \$912 million tax relief for the people.

Mr. RAYBURN. I agree with the gentleman that he voted on it last year, but how did he vote on it this year?

Mr. JENKINS. I am familiar with that. I voted against your motion to recommit. That answers the question?

Mr. RAYBURN. Yes.

Mr. REED of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

A MOST WONDROUS LEGISLATIVE PHENOMENON

Mr. EBERHARTER. Mr. Speaker, this excise tax bill conference report is indeed a remarkable piece of legislation, but the reasoning which apparently makes it so comes straight out of Alice in Wonderland. Or so it seems.

It appears that this conference bill is a very good bill because it contains so many features the Democrats in the House were prevented from inserting into it—on the grounds they were bad.

We were voted down resoundingly on straight party lines when we tried to recommit the bill to exempt theater admissions of 50 cents or less. The conference bill contains this exemption.

We were outvoted, outshouted, and put in our place in the Ways and Means Committee when we tried to reduce many of the excises in exactly the way they were reduced in the Senate and in conference. We were told we were trying to ruin the country.

Secretary of the Treasury Humphrey kept telling us that, and so did the Republican majority on the committee.

But along comes Secretary of Commerce Weeks and tells us that the excise tax reductions sponsored unsuccessfully by the Democrats in the House and finally inserted under Democratic leadership in the other body are not going to ruin the country at all—they are going to help it—and, incidentally, bail out the Eisenhower administration—by providing the stimulus business needs.

Who is this Weeks? We knew he used to be one of the chief money raisers for the Republican Party before he became a Cabinet member, but has the administration run a party-loyalty check on the fellow to make sure he is not a New Dealer in a homburg disguise?

He sounds suspiciously like a Democrat when he says the excise tax cuts voted in the other body are needed to stimulate business. He may be playing on the same team with Humphrey, but it is hard to tell which one is quarterbacking this play.

For the benefit of those members who thought Mr. Humphrey spoke for the

administration on this excise bill, I include herewith a week-end news article on Mr. Weeks' contribution to the discussion:

WEEKS PREDICTS UPTURN—BUSINESS SHOULD START PICKUP IN MONTH, HE FORECASTS

WATERVILLE, MAINE, March 27.—Secretary of Commerce Sinclair Weeks says business should start to pick up in about a month.

"I think the excise tax cuts just voted by the Senate and the House will become law early next week," Mr. Weeks said last night, "and these will provide the stimulus business needs."

He spoke at the opening dinner of Colby College's Institute for Maine industry.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. The gentleman and his party were in control of this Congress for 20 years, and you have a great record of increasing taxes.

Mr. EBERHARTER. I know what the gentleman is trying to say. I decline to yield further. Of course, in those serious times we were engaged in the defense of the liberties of our country and we kept taxes high. We had the courage to do it. The Democratic Party had the courage to keep taxes up when it was necessary to defend the country.

Mr. ROBSION of Kentucky. It is always necessary when the Democrats are in power, apparently.

Mr. EBERHARTER. It is necessary when we are faced with a problem affecting our freedom.

Mr. REED of New York. Mr. Speaker, I yield to the distinguished minority leader [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, I just want to interrogate the gentleman from New York [Mr. REED]. Now, we had a motion to recommit here awhile ago. The gentleman from Ohio said he voted last year for these admission provisions, and that goes for the gentleman from Illinois [Mr. MASON]. Now, today the same thing is in this bill that the motion to recommit was made about. The gentleman from New York, of course, voted against the motion to recommit, but he is going to vote for this conference report today, is he?

Mr. REED of New York. That is correct.

Mr. RAYBURN. Is the gentleman as well pleased with what we have before us today as he was with the bill that passed the House?

Mr. REED of New York. No, I am not, but I am voting for it, sir.

Mr. RAYBURN. Does the gentleman think or know that the Secretary of the Treasury would endorse this bill or advise the President of the United States to sign it?

Mr. REED of New York. I did not inquire. This is the Congress, and the Congress function is to legislate.

Mr. RAYBURN. That is correct, at certain times.

Mr. REED of New York. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker and Members of the House, this is getting to be a very pleasant kind of debate. The jockeying for position and the good-humored

needling that is taking place on this floor is becoming humorous. I voted last year to take off all tax on the movies. I did not vote for the motion to recommit this bill, and neither did I vote to recommit the big bill, because it had the provision for removing, or at least easing up, the double taxation on dividends. I want to call the attention of the good Democrats of this House—and there are many good Democrats in this House—that their own President, Franklin Delano Roosevelt, advocated taking off that double taxation on dividends. That was a good many years ago; that was 20 years ago. It took a Republican House to do the job that Franklin Delano Roosevelt said he wanted done and would like to have done, but which he and his party leaders never got around to doing. It took a Republican House to make a start in the proper tax direction.

The SPEAKER. The question is on the adoption of the conference report.

Mr. HALLECK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 395, nays 1, not voting 38, as follows:

[Roll No. 41]

YEAS—395

Abbott	Carlyle	Fisher
Abernethy	Carnahan	Fogarty
Adair	Carrigg	Forand
Addonizio	Cederberg	Ford
Albert	Celler	Forrester
Allen, Calif.	Chatham	Fountain
Andersen,	Chenoweth	Frazier
H. Carl	Chudoff	Frelinghuysen
Andersen,	Church	Friedel
August H.	Clardy	Fulton
Andrews	Clevenger	Gamble
Angell	Cole, Mo.	Garmatz
Arends	Cole, N. Y.	Gary
Ashmore	Colmer	Gathings
Aspinall	Condon	Gavin
Auchincloss	Cooley	Gentry
Ayres	Coon	George
Bailey	Cooper	Golden
Baker	Corbett	Goodwin
Barden	Cotton	Gordon
Barrett	Coudert	Graham
Bates	Cretella	Granahan
Beamer	Crosser	Grant
Becker	Crumacker	Green
Belcher	Cunningham	Gregory
Bender	Curtis, Mass.	Gross
Bennett, Fla.	Curtis, Mo.	Gubser
Bennett, Mich.	Curtis, Nebr.	Gwinn
Bentsen	Dague	Hagen, Calif.
Berry	Davis, Ga.	Hagen, Minn.
Betts	Davis, Wis.	Hale
Bishop	Dawson, Ill.	Haley
Blatnik	Dawson, Utah	Halleck
Boggs	Deane	Hand
Boland	Delaney	Harden
Bolling	Dempsey	Hardy
Bolton	Deronian	Harris
Oliver P.	Devereux	Harrison, Nebr.
Bonin	D'Ewart	Harrison, Va.
Bonner	Dies	Harrison, Wyo.
Bosch	Dodd	Hart
Bow	Dollinger	Harvey
Bowler	Dolliver	Hays, Ark.
Bray	Dondero	Hébert
Brooks, La.	Donohue	Heller
Brooks, Tex.	Donovan	Herlong
Brown, Ga.	Dorn, N. Y.	Heseltun
Brown, Ohio	Dorn, S. C.	Hess
Brownson	Dowdy	Hiestand
Broyhill	Doyle	Hill
Buchanan	Durham	Hillelson
Budge	Eberharter	Hillings
Burdick	Edmondson	Hinshaw
Burleson	Elliott	Hoeven
Busbey	Ellsworth	Hoffman, Ill.
Bush	Engle	Hoffman, Mich.
Byrd	Evins	Hollifield
Byrne, Pa.	Fallon	Holmes
Byrnes, Wis.	Feighan	Holt
Camp	Fenton	Holtzman
Campbell	Fernandez	Hope
Canfield	Fine	Horan
Cannon	Fino	Hosmer



Howell  
Hruska  
Hunter  
Hyde  
Ikard  
Jackson  
James  
Jarman  
Javits  
Jenkins  
Johnson, Calif.  
Johnson, Wis.  
Jonas, Ill.  
Jonas, N. C.  
Jones, Ala.  
Jones, Mo.  
Jones, N. C.  
Judd  
Karsten, Mo.  
Kean  
Kearney  
Kearns  
Keating  
Kelley, Pa.  
Kelly, N. Y.  
Keogh  
Kilburn  
Kilday  
King, Calif.  
King, Pa.  
Kirwan  
Klein  
Kluczynski  
Knox  
Krueger  
Laird  
Landrum  
Lane  
Lanham  
Lantaff  
Latham  
LeCompte  
Lesinski  
Lipscomb  
Long  
Lovre  
McCarthy  
McConnell  
McCormack  
McCulloch  
McDonough  
McGregor  
McIntire  
McMillan  
McVey  
Machrowicz  
Mack, Ill.  
Madden  
Magnuson  
Mahon  
Mailliard  
Mason  
Matthews  
Meador  
Merrill  
Morrow  
Metcalf  
Miller, Kans.  
Miller, Md.  
Miller, Nebr.

Miller, N. Y.  
Mills  
Mollohan  
Morano  
Morgan  
Morrison  
Moss  
Moulder  
Multer  
Murray  
Natcher  
Neal  
Nelson  
Nicholson  
Norblad  
Norrell  
Oakman  
O'Brien, Ill.  
O'Brien, Mich.  
O'Brien, N. Y.  
O'Hara, Ill.  
O'Hara, Minn.  
O'Konski  
O'Neill  
Ostertag  
Passman  
Patman  
Patterson  
Pelly  
Perkins  
Pfost  
Phillbin  
Phillips  
Pillch  
Poage  
Poff  
Preston  
Price  
Priest  
Prouty  
Rabaut  
Rains  
Ray  
Rayburn  
Reams  
Reece, Tenn.  
Reed, Ill.  
Reed, N. Y.  
Rees, Kans.  
Rhodes, Ariz.  
Rhodes, Pa.  
Richards  
Richman  
Riley  
Robeson, Va.  
Robison, Ky.  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Rogers, Mass.  
Rogers, Tex.  
Rooney  
Roosevelt  
Sadlak  
St. George  
Saylor  
Schenck  
Scherer  
Scott  
Scrivner

Scudder  
Secrest  
Selden  
Shaffer  
Sheehan  
Shelley  
Sheppard  
Shuford  
Sikes  
Simpson, Ill.  
Simpson, Pa.  
Small  
Smith, Kans.  
Smith, Miss.  
Smith, Va.  
Smith, Wis.  
Spence  
Springer  
Stagers  
Stauffer  
Steed  
Stringfellow  
Sullivan  
Sutton  
Taber  
Talle  
Taylor  
Teague  
Thomas  
Thompson, La.  
Thompson, Mich.  
Thompson, Tex.  
Thornberry  
Tollefson  
Trimble  
Tuck  
Utt  
Van Pelt  
Van Zandt  
Vorys  
Vursell  
Wainwright  
Walter  
Wampler  
Warburton  
Watts  
Westland  
Wharton  
Wheeler  
Whitten  
Wickersham  
Widnall  
Wier  
Wigglesworth  
Williams, Miss.  
Williams, N. J.  
Williams, N. Y.  
Willis  
Wilson, Calif.  
Wilson, Ind.  
Winstead  
Withrow  
Wolcott  
Wolverton  
Yates  
Yorty  
Young  
Younger  
Zablocki

## NAYS—1

Marshall

## NOT VOTING—38

Alexander  
Allen, Ill.  
Battley  
Bentley  
Bolton  
Frances P.  
Boykin  
Bramblett  
Buckley  
Chelf  
Chipperfield  
Davis, Tenn.  
Dingell

Hays, Ohio  
Jensen  
Kee  
Kersten, Wis.  
Lucas  
Lyle  
Mack, Wash.  
Martin, Iowa  
Miller, Calif.  
Mumma  
Osmer  
Patten  
Pillion

Polk  
Powell  
Radwan  
Regan  
Rivers  
Roberts  
Seely-Brown  
Short  
Sleminski  
Velde  
Vinson  
Welchel  
Wilson, Tex.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Short with Mrs. Kee.  
Mr. Bentley with Mr. Polk.  
Mr. Allen of Illinois with Mr. Dingell.  
Mr. Martin of Iowa with Mr. Powell.  
Mr. Chipperfield with Mr. Buckley.  
Mr. Osmer with Mr. Chelf.  
Mr. Seely-Brown with Mr. Miller of California.  
Mr. Velde with Mr. Patten.  
Mr. Welchel with Mr. Vinson.  
Mr. Pillion with Mr. Sleminski.

Mr. Radwan with Mr. Hays of Ohio.  
Mr. Jensen with Mr. Rivers.  
Mrs. Frances P. Bolton with Mr. Regan.  
Mr. Mack of Washington with Mr. Boykin.  
Mr. Kersten of Wisconsin with Mr. Wilson of Texas.

Mr. Mumma with Mr. Battle.  
Mr. Bramblett with Mr. Davis of Tennessee.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## SPECIAL ORDERS GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes today, following the legislative program and any special orders heretofore entered.

Mr. MILLER of Kansas asked and was given permission to address the House for 20 minutes on Wednesday next, following the legislative program and any special orders heretofore entered.

## GENERAL LEAVE TO EXTEND REMARKS

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent that any Member speaking on the appropriation bill we are considering may have permission to revise and extend his remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## INDEPENDENT OFFICES APPROPRIATION BILL, 1955

Mr. PHILLIPS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 8583) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1955, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 8583, with Mr. GRAHAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read the first paragraph of the bill.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent that I may proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, it has been my privilege and good fortune to serve in this Chamber for 20 years. The last 14 years have brought me in association with a Congressman from my neighboring State of Indiana—EARL WILSON, of Indiana's Ninth District.

Mr. WILSON came to Congress in 1940, a Republican from a normally Demo-

cratic district, and he has served continuously ever since. He now is among the first 40 Republican House Members in seniority. He is the 12th ranking Republican member on the Committee on Appropriations, which numbers 50 members. In watching his progress in Congress and in my frequent talks with him, I have been impressed with his knowledge of current problems facing the Nation and his keen awareness of the attitude of his constituents regarding these problems. The manner and the consistency with which he keeps contact with his people back home and implements their views might well be followed by other Members of Congress.

Recently I read the text of a radio broadcast made over station WLW in Cincinnati regarding Mr. WILSON. The material for this broadcast was assembled by Joe McCaffrey, of the House Radio Gallery, at the request of Station WLW. It pays tribute to a deserving man. I read it as a portion of my remarks:

## PERSONALITIES IN GOVERNMENT

(Prepared by Joe McCaffrey, House Radio Press Gallery, Broadcast by WLW, Cincinnati)

Governing is a science. And it's a science that can never be learned in the classrooms of a college or university, even though the lectures may be given by the best brains available.

Al Smith, a man who worked his way up the ladder of practical politics, once advised a young member of the New York State Legislature, "If you want to know what makes this State government tick, you'll know how every penny it takes in is spent. After you understand appropriations, you'll know more about government than any other man in the assembly."

Congressman EARL WILSON, of Bedford, Ind., knows how valuable that theory is. As a result, Congressman WILSON knows as much about what makes government operate as any man on Capitol Hill.

He has won distinction because he is—unofficially—the mayor of the District of Columbia. He heads the appropriation subcommittee which makes up the budget for the Nation's Capital and its more than 800,000 inhabitants.

"It's an education," WILSON admits, glancing at the stack of committee hearings on the window sill by his desk.

"We cover the functions of a State, a county, a city, and a town—all wrapped in one. I believe it is the greatest experience in learning government any man could ever have."

He began leafing through a long budget report reading off some of the headings, "Police," "Library," "Public welfare," "Courts," and on down the list.

Because the District of Columbia is Federal property, under the rule of the United States Congress, its budget is handled by the Appropriations Committees of the House and Senate. But the ground work, the real digging into costs and value received, begins with Congressman WILSON's committee.

This year, Mr. WILSON—a man who likes to have all the facts that can be mustered on every issue he studies—delegated a volunteer worker to inspect Washington's badly neglected hospital system. The result was disclosures that shocked the city, and WILSON made sure that testimony on the city's hospital and welfare needs was given a complete hearing before his committee in open session.

Many Members of Congress shun working on committees devoted to Washington. But not WILSON.

"I took it because I realized it would not only be the best training in the world, but because I owe it to the people of my district. After all, part of their tax money goes into running this Federal city."

Ever since the District of Columbia was founded in 1791, an argument has raged over what to do with it. Should it, for example, be allowed to run its own affairs with the Congress putting up a set amount of money each year as its share for the use of tax-free land, water, and other services rendered to the Federal Government? Should it, as another alternative, turn it back to either Maryland or Virginia, and let it be a part of one of the sovereign States?

And, of course, what about the people of the District? For years they have sought the vote, yet today they are without franchise.

Whatever is the ultimate solution, the fact remains that Washington must exist as a city and the home of several hundred thousand people during the interim. That's why most residents of the city who have a civil interest are heartened by the hard work and great interest displayed by Congressman WILSON.

Yet his work in Congress isn't confined to the District of Columbia alone. The Ninth District of Indiana, which is made up of Bartholomew, Brown, Dearborn, Franklin, Jackson, Jefferson, Jennings, Lawrence, Ohio, Orange, Ripley, Scott, Switzerland, and Washington Counties, receives his personal attention too.

When we visited him during the week we found him sitting at a table in his outer office reading his morning mail, making notes on the margin for his replies which were to be dictated later in the day.

"Mail," he explains, "is important to a Congressman and important to the constituents—it's the link between us; the Member in Washington and the taxpayer back in the district."

"I make it a point not only to read and answer each letter, but I try to keep exact tabs on any problems which may have to be processed with some executive department or agency."

Like other Members of Congress, WILSON's mail is mainly concerned with veterans' problems or the problems of dependents of veterans. These letters run the gamut of human relations, and because they do, a Congressman is, unwittingly, cast in the role of a compassionate counselor.

Such a role comes naturally to EARL WILSON, for his professional training was that of a teacher. He had taught in Huntingburg as head of the high school science department, and at Monticello, Knightstown, Vallonia, and Brownstown, serving as a principal at Vallonia before his nomination and election to Congress.

"There is," WILSON says, "remarkable correlation between school administration and politics. Both of these fields give service to the public, they both deal with the taxpayers; in the school system they're known as the patrons, here in Congress as the constituents."

WILSON believes that letter answering and handling the personal problems of the people who write him isn't, by far, the most important job a Congressman faces.

"But," he says, "it's essential for a Member to take care of his mail if he is to be reelected."

WILSON, himself, is rather unusual in politics. He isn't the type one thinks of as a politician. He is quiet, serious, and not given to making speeches on the floor of the House merely to impress. When he takes the floor it's because he has something to say and he says it simply, clearly, and forcibly.

Actually, WILSON had never been in active politics until he ran for Congress in 1940. Prior to that he had worked for other Re-

publican candidates, but had never sought an elective office for himself.

The amazing thing about his political career is that he jumped into politics as a Republican in a Democratic district. Even during the heavily Republican days of Harding, Coolidge, and Hoover, his district stayed Democratic. In 1932 the district went Democratic by a 20,000-vote margin.

Yet, 20 years later, in 1952 WILSON was carrying the district by 18,000 votes as a Republican.

In 1922 the Democratic candidate won 10 of the 15 counties; in 1952 WILSON won all the counties except Switzerland.

Hard work, perhaps, is one of the main contributing factors in WILSON's success. Hard work and a deep interest in the people and the problems of his district.

"Most of my district is general farming," WILSON explains. "I try to know as much about the problems of the farmers and the others in the district as I possibly can."

When it comes campaign time and other Members of Congress are making speeches dealing with world problems, WILSON is going about his district talking to as many people as he can.

"I go to the stores, the garages, the filling stations, and any other place I may be able to talk to voters. If they have something bothering them I make a note of it, and if it is something a congressional office can take care of, I will try to get it done."

WILSON thinks that more and more people are becoming interested in politics, but there are still many more who should be showing an awareness in public service.

"After all," he sums up, "politics is becoming a very important part of the lives of everyone. If we want to view it one way, a hard practical way, it affects the budget of every household. The income-tax rate eats up a good share of the weekly paycheck, and when something hits a person in the pocketbook, they usually feel it."

"The more active an interest more people take in their government, the better government we will have."

WILSON is understandably proud of his own district. He points out that there are no pressure groups among his constituency.

"I think that no other Member of Congress has a district where the people so intensely judge each issue on its merit. My people, after studying an issue, write me. They seldom send in form letters prepared by some organization."

Actually, WILSON was born to politics. That is, if we hold to the tradition that our statesmen must come from log cabins. He was born in a log cabin near Huron, Lawrence County, Ind., in 1906.

He lived on a farm during his early school years and after high school set out to earn enough money to pay his way through college.

He worked for the Western Union Telegraph Co. as an electrician and as a brakeman on the New York Central and the B. & O. Railroads. More than 3 years after he had graduated from high school and when he had \$1,600 saved, he entered the University of Indiana, completing his college work in 3 years.

During his time in college he worked as an usher at football games, a cloakroom attendant in the library, tended furnaces during the winter and delivered the Indiana Daily Student in the early hours of the morning.

Like every other successful man who has had to work his way through school, he now looks back on those days with no regret. He believes they were actually a part of his education.

Today, he is married and has two children, Phillip Earl and Linda Sue. When Congress adjourns he'll be heading back to the ninth district, spending all his time visiting his 14 counties and meeting and talking to his constituents.

"EARL WILSON," an oldtimer in Washington said recently, "is about the hardest working man in Congress—but he seems to love it."

And EARL WILSON does—he loves every minute of it.

The Clerk read as follows:

Payment to the civil-service retirement and disability fund for increases in annuities provided by the act of July 16, 1952: For payment to the "civil-service retirement and disability fund" for the cost, as heretofore determined by the Civil Service Commission, of increases in annuities provided by the act of July 16, 1952 (66 Stat. 723), for the fiscal year 1955, \$29,623,000.

Mr. JACKSON. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed out of order and proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACKSON. Mr. Chairman, I dislike very much to break in on a matter of such importance as the measure presently under consideration, to take up the subject of what I want to discuss very briefly here this afternoon. However, I think the time has come to make crystal clear the fact that the House Committee on Un-American Activities is not engaged in any partisan byplay in connection with its investigations into the extent, nature, and objectives of Communist infiltration in the United States.

Mr. Chairman, I have here a copy of this morning's Washington Post and Times-Herald and an alleged column by a purported columnist, Drew Pearson. Mr. Pearson has for many, many years made it a point to personally attack any Member of the Congress who had the temerity to disagree with Pearson's odd assortment of viewpoints on public issues. Character assassination is one of the minor weapons in his arsenal. To what extent the balance of his column this morning is in error I have no way of knowing, but I do want to quote one paragraph from his column and nail the lie upon which that paragraph is based. He is discussing in his column what he claims is a conspiracy on the part of the administration and the Republican Members of the House from California to discredit Democratic candidates for Congress in California. One of his points is, and I quote:

Last move by California Republicans to embarrass the Democrats is the subpoenaing of Bert Coffey, a member of the California Democratic Central Committee by the Un-American Activities Committee. Coffey has made no secret of his membership in the party prior to 1946, at which time he withdrew. However, Congressman DONALD JACKSON, of Los Angeles, a member of the Un-American Activities Committee, has initiated a move to call Coffey for cross-examination regarding his past.

Mr. Coffey, the gentleman in question, appeared in Washington a few days ago in person. I might add parenthetically that I have never met Mr. Coffey, nor did his name ring any bell in my mind at all, until the matter of his identification as a member of the Communist



Party came to the attention of the committee. When Mr. Coffey was in Washington several days ago, he paid personal visits upon several members of the California delegation, including the gentleman from California [Mr. DOYLE] and the gentleman from California [Mr. SHELLEY], for both of whom I have a high regard and a high admiration. I was informed by them that he had acknowledged his membership in the Communist Party and that he wanted to appear before the committee as a matter of convenience while he was here in Washington.

At a meeting of the committee which was called several days ago, and which took up the case of Mr. Coffey, as one of the matters under discussion, it was decided that he should be called. Knowing that Mr. Pearson and other keyhole experts would, of course, do their level best to distort facts and misrepresent motives of the majority members of whatever subcommittee was designated to hear Mr. Coffey, I requested of the acting chairman of the committee, the gentleman from New York [Mr. KEARNEY], that I not be appointed a member of that subcommittee.

I should like to read from the minutes of that meeting the section which is pertinent to this matter in order that my position may be made absolutely clear and that any charge of partisan action in the instance of the Coffey investigation may be nailed down as a falsehood. I read from the minutes:

Mr. DOYLE stated that a Mr. Coffey from California was in Washington and that he talked to Mr. Coffey who wanted to appear before the committee while he was in the city. Mr. JACKSON requested that he not be appointed on the subcommittee to hear Mr. Coffey. Mr. KEARNEY designated himself, Mr. SCHERER, and Mr. DOYLE as a subcommittee to hear Mr. Coffey in open session on Monday, March 29, 1954, at 1:30 p. m. Mr. DOYLE stated that he wanted the record to show that it was his opinion that there should be an extensive examination of the witness by counsel and by the members of the committee.

Mr. Chairman, I should like to pay tribute at this time to the members of our committee who sit on the other side of the aisle and who have not, to the best of my knowledge, since I have been a member of that committee, played partisan politics. I say to the gentleman [Mr. DOYLE] that the position he took in this matter was the position of a good American in requiring that one who had been identified as a member of the Communist conspiracy be called and the questions put to him. Mr. SHELLEY's position was exactly the same. It is of more than passing moment that when Mr. Coffey was called, he had flown the coop and did not appear for the questioning which he had asked Mr. DOYLE and Mr. SHELLEY to arrange.

Mr. KEARNEY. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I am glad to yield to the distinguished gentleman.

Mr. KEARNEY. I should like to say to the Members of the House that the gentleman from California [Mr. JACKSON] with reference to the minutes of the House Un-American Activities Com-

mittee, is telling the truth and that the witness who was to appear before the committee did fly the coop.

Mr. JACKSON. In other words, Mr. Chairman, this statement by Drew Pearson is absolutely without any foundation in fact. But it is the sort of thing that Members of Congress are forced to put up with day after day after day; personal attacks by individuals who may not happen to like a particular Member in question. I might say that Mr. Pearson has attacked as indiscriminately on that side of the House as he has on his.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JACKSON. I am happy to yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Has the gentleman forgotten that Drew Pearson appeared before a committee of the House, was sworn and under oath testified that he did lie?

Mr. JACKSON. I want to take up one other matter. I am sorry I do not see the gentleman in the House who is concerned, because I should much prefer to speak in his presence. That is the matter of whether or not the House Committee on Un-American Activities played any politics in putting a witness on the stand in San Francisco who identified a Member of this House as having been present at what the witness called a meeting of members of the Communist Party. That action was taken, Mr. Chairman, by a unanimous vote of the five members of the subcommittee present, including three members of the majority and two members of the minority. It was felt that the evidence that had been produced in interrogation of a witness was such that the House Committee would have been derelict in its duty if it had not pursued the course of action that it followed.

I stress again that that action was taken by the vote of five Members, three majority and two minority, and I am sure the gentleman from California [Mr. DOYLE] will bear me out in that regard. There has been no partisanship in our operations.

The attack today on a dozen fronts—the deliberate, planned, premeditated attack on the part of some people who want to destroy congressional investigations has taken for its theme "Divide and conquer." Every effort is being directed to driving a wedge between the members of a committee, or between the members and the staff of a committee. The enemies of congressional investigation of the Communist conspiracy have found that a frontal assault against the committees does not do a bit of good. The American people, are for the activities of the House committee. That fact was demonstrated beyond question on this floor several weeks ago when the Membership of this great body voted 362-1 in favor of the committee's appropriation for this year.

I say this assault has taken a new line, and that the attack today is an attempt to create that internal dissension which will destroy congressional investigations faster than any frontal assault of the Communists, fellow travelers, left wingers, and intellectual mutton-heads who want to see them destroyed.

The Clerk read as follows:

#### FEDERAL POWER COMMISSION

Salaries and expenses: For expenses necessary for the work of the Commission, as authorized by law, including not to exceed \$220,000 for expenses of travel; purchase (one for replacement only) and hire of passenger motor vehicles; and not to exceed \$500 for newspapers; \$4,150,000, of which not to exceed \$10,000 shall be available for special counsel and services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), but at rates not exceeding \$50 per diem for individuals.

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: On page 18, line 25, strike the period after the word "individuals" and insert "Provided, That in order to assure efficient, economic, and expeditious regulation, no part of this appropriation shall be used for the regulation of rates or charges of any company subject to the jurisdiction of the Commission, upon any basis other than actual legitimate cost, less accrued depreciation."

Mr. PHILLIPS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS. Mr. Chairman, I make a point of order against the amendment on the ground that it is legislation upon an appropriation bill, which I understand we are trying to keep away from.

Mr. YATES. Mr. Chairman, it is certainly not legislation on an appropriation bill. It is in fact a limitation of the type that has been recognized as valid many times in the past. I submit that it is perfectly proper, that it is a limitation on the appropriations for a specific purpose and is entirely in order.

Mr. THOMAS. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman from Texas.

Mr. THOMAS. Mr. Chairman, I would like to insist upon the point of order made by the gentleman from California for the added reason that it places an extra duty upon the Federal Power Commission and requires them to do special, separate, overt acts. Certainly there is no kinship there under the Holman rule, because it does not show on its face or anything akin to it that you are reducing any appropriation item. If anything, by the addition of extra duties you are increasing the expenditures rather than reducing them.

Mr. YATES. Mr. Chairman, may I be heard in response to the gentleman from Texas?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. YATES. The fact remains, Mr. Chairman, that under the National Gas Act of 1938 the Commission is authorized and directed to use a valuation based on actual legitimate cost. That is the type of valuation the Commission must use. My amendment gives the Commission no additional duties of any kind, as is contended by the gentleman from Texas; as a matter of fact, it merely carries out what the Commission is supposed to do. I am seeking only to

limit the Commission to the actual, legitimate cost less accrued depreciation. I think it is a perfectly proper limitation.

Mr. TABER. Mr. Chairman, I make the point of order that discussion on points of order should be confined to whether or not the item is in order.

The CHAIRMAN (Mr. GRAHAM). The Chair is ready to rule.

The gentleman from Illinois [Mr. YATES] has offered an amendment as follows:

On page 18, line 25, "provided that in order to assure efficient, economic, and expeditious regulation, no part of this appropriation shall be used for the regulation of rates or charges of any company subject to the jurisdiction of the Commission—

And the Chair notes these words particularly—

upon any basis other than actual legitimate cost less accrued depreciation.

Although presented in the form of a limitation on an appropriation, since it would impose additional duties upon officials and limit the exercise of their discretion, the amendment contains legislation, and the Chair sustains the point of order.

Mr. YATES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think my amendment is proper, but, in view of the ruling of the Chair, I should like to explain the amendment's purpose.

This amendment is simple, but it has great significance. It is of vital importance to consumers of natural gas all over the country who will pay hundreds of millions of dollars in additional rates if the Federal Power Commission changes its method of valuation from actual legitimate cost. The purpose of my amendment is to assure that the method of valuation used by the Federal Power Commission since its inception shall be continued.

The Federal Power Commission has used actual legitimate cost less depreciation for valuing the rates of natural-gas companies since passage of the Natural Gas Act of 1938. In spite of the fact that on a number of occasions the Supreme Court of the United States has sustained the Commission's refusal to accept any basis for ratemaking other than actual legitimate cost, natural-gas companies continue to hammer away at the Commission to change its method to one of fair field. The reasons are obvious. If the Commission accepts the new method of valuation, it will gouge the consumers and enrich the companies by hundreds of millions of dollars at their expense.

The significance of this assault is made clear in a case now pending before the Federal Power Commission. The company owns 3 trillion 500 billion cubic feet of natural gas and has filed a petition for a rate increase based upon the market value, or, rather, the fair field value of its reserves. In the past, the Commission has valued the reserves on the basis of actual legitimate cost to the company. The company contends that the value of the gas is 13 cents per thousand cubic feet more than the amount allowed by the Commission. If the company's contention is sustained, the con-

sumers would have to pay an additional \$455 million in rates over the life of the reserves, which is estimated at 20 years.

Mr. Chairman, this is what would happen in the case of only one company—an increase in rates of almost half a billion dollars. Of course, the same ruling would be applicable to all natural gas companies owning such gas reserves and every community in the country which uses natural gas would be affected. The case pending before the Commission would hit particularly hard at the consumers in the city of Detroit and in certain parts of Michigan, Indiana, and Illinois. If that rule is established, consumers living in Kansas City, Minneapolis, St. Paul, Omaha, Los Angeles, San Francisco, Denver, Cleveland, Columbus, Dayton, Akron, and many smaller communities would be affected. In my own city of Chicago, an increase based upon the new rule would amount to \$3,500,000. This is based upon not a 13-cent rate, but a rate of approximately 8 cents. Obviously, if the fair field price were to be 13 cents, the rate increase would be almost double.

If the Commission does not adhere to a basis of actual cost, its action may result in a spiral of increases which will send living costs soaring again to the highest peak in our Nation's history.

It may be argued that this is a highly technical matter that should not be considered at this time but, Mr. Chairman, if it is not considered at this time, it will be too late. Acceptance of the theory of fair field value of natural-gas reserves will keep the Commission constantly embroiled in one proceeding after another brought for rate increases. Fair field value provides only a temporary standard, for such values would change from day to day. The acceptance of fair field value on one day is only a step toward a higher valuation the next day, and it must be remembered that most of the contracts of the natural-gas companies provide for review and escalation in price. The very purpose of passing the Natural Gas Act was to protect consumers from exploitation at the hands of greedy corporations. It was determined by the Congress that natural-gas companies engaged in interstate commerce were businesses affected with a public interest which required regulation for protection of the public. The Federal Power Commission was given the job of allowing reasonable profits to the company, not exorbitant ones. A reversal of the Commission's purpose at this time will lead to destruction of the very purposes for which the Commission was created. This is not a situation where the ordinary processes of competition between business enterprises can protect the public, for natural-gas companies are monopolies in their field.

During the Federal Power Commission's natural-gas investigation of 1944 it was disclosed what would happen in the event fair field price were recognized as a standard of valuation. One witness who advocated a change from the cost-rate base said he could not say whether a given price was too low or too high. He did say that if he had gas, he would want all he could get for it.

Another witness was equally frank, stating that every increase in the price he received would be considered an adequate price as of that date. He stated, however, that he would still be looking for a higher price. A fair price, he said, would be the highest price currently being paid in the field for gas of a like quality.

Another witness said that if he were getting 2 cents for his gas, he would like to get 4 cents. If he were getting 4 cents, he would be looking for 8 cents, or even 10 cents.

In our hearings it was disclosed what has happened to the price of gas in the few years that have transpired since the Congress considered the Kerr bill. At that time, according to the expert for the Federal Power Commission, the cost of natural gas varied between 5 and 7 cents. Today the prices go up as high as 16 to 20 cents, so it is obvious there is no such thing as a permanent fair field price. What was fair field price several years ago, namely, 5 to 7 cents, is shown to have risen in just 2 or 3 years to 16 to 20 cents.

It must be kept in mind that these are not ordinary companies. These are companies in the nature of public utilities whose product is such and whose monopolistic position is such that the public must be protected. The use of actual legitimate cost predicated on recognized methods of public utility accounting is a sound and practical approach for regulation. It is exact and it does not vary and it is known immediately what the base of earnings of the company should be. Any changes in the company's risk can be taken care of in the fair rate of return that is allowed on the rate base. Think of the almost impossible task of the Commission if its method of valuation were changed.

This is what the Chairman of the Federal Power Commission stated to our committee:

The number of applications for increases in rates continues to rise at an alarming rate. The Commission has no control over the filing of rate increase applications. As of June 30, 1953, suspended rate increases awaiting final Commission action totaled \$163 million per year. It is now indicated that the trend will continue for the rest of the current year and into fiscal year 1955 with increases filed in ever-increasing number and magnitude. Numerous complaints are being made by the natural gas companies and their customers concerning the delay in processing rate increase cases. Preference in the processing of rate increase cases is required by the act. In its effort to comply with the statute the Commission has diverted to this activity from other functions, dozens of employees in the past three years. Due to the vast expansion of the natural gas industry in recent years, changes in gas rates affect larger segments of the population and involve much greater dollar amounts as compared with former years. The expeditious processing of rate increase cases is essential for protection of the consumer and the financial integrity of the natural-gas companies.

If you will examine the hearings, you will see that the Chairman of the Federal Power Commission appeared before our subcommittee and pointed out the tremendous number of applications for rate increases the Commission is receiving



from natural gas companies. This number will be just a drop in the bucket to the number of increases which will be sought in the event the Federal Power Commission changes its method of regulation to one of fair field value.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. PHILLIPS. Mr. Chairman, I rise only to ask the gentleman from Illinois a couple of questions which may serve to clarify the situation.

Is it not a fact that this really involves a matter presently before the Federal Power Commission, upon which the Commission expects to hand down a decision in the near future?

Mr. YATES. There is a case pending before the Federal Power Commission at the present time which seeks to establish fair field value as a basis for valuing gas reserves rather than actual legitimate cost.

Mr. PHILLIPS. Is it not a fact that historically the Federal Power Commission has in the past decided upon the ground desired by the gentleman from Illinois [Mr. YATES]?

Mr. YATES. That is correct. In the past the Commission has used actual legitimate cost as the basis of regulation.

Mr. PHILLIPS. Is it not a fact that the gentleman is concerned about something over which he should really not be concerned?

Mr. YATES. On the contrary, I think it is something that every Member of this Congress should be concerned about, because the Congress establishes the policy that the Federal Power Commission is to pursue. Therefore I think my amendment was decidedly proper at this time.

Mr. PHILLIPS. Is it not a fact that the only reference to the increased rates and the possibility of increased rates, which might impose a burden, appeared in the annual report of the Panhandle Gas Corporation, indicating that if they had that much additional money in future years they would have that much additional income?

Mr. YATES. It is true that the Panhandle Eastern Gas Co.'s annual report contained reference to the fact that it has applied for an increase before the Federal Power Commission, which will raise the value of its natural gas reserve by approximately 13 cents per thousand cubic feet.

Mr. PHILLIPS. Does not the gentleman think we might continue to read the bill without the gentleman having any further concern about what this particular gas company would like to do?

Mr. YATES. I will say we should continue to read the bill, but the gentleman from Illinois will continue to be concerned about it.

The Clerk read as follows:

Operating expenses, National Archives and Records Service: For necessary expenses in connection with Federal records management and related activities as provided by law; and not to exceed \$30,750 for expenses of travel; \$5 million of which \$100,000 shall remain available until expended for nitrate film conversion.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Tennessee Valley Authority in submitting its requests to the Budget Bureau for the next fiscal year requested funds to start construction of eight new steam-plant units. The request was denied by the Budget Bureau. The committee, in reporting this bill, also has seen fit to exclude each and every one of those units; not only to exclude them, but even to reduce such items as were approved by the Budget Bureau.

I know there are many Members of this House who have time and again expressed their opposition to the Federal Government advancing money for the purpose of constructing steam plants in the Tennessee Valley area. On the other hand, there are many in this House who have, for reasons satisfactory to them, voted for millions upon millions of dollars for the construction of power facilities, including steam plants, in other sections of the world. Incidentally these facilities are additions to power systems which are actually owned and operated by the particular countries in which they are located and are not owned by private power companies.

Being interested in having a breakdown as to what money had been appropriated by this body in the last few years to foreign countries for the purpose of constructing systems of power generation including steam plants, I had researchers in the Library of Congress search out the figures and submit them to me. This they did a few days ago. I think it would interest this House to know, Mr. Chairman, that since 1948 many countries of the world have benefited from this giveaway-foreign-aid program in that they have been permitted to use these funds for the construction of public power facilities, including steam plants. The amount of money used to date for such and similar purposes is \$1,826,900,000.

With the exception of one member of the subcommittee handling this bill on the majority side, all of them since having come to the Congress have voted for these particular appropriations. They have registered no complaint whatsoever against foreign nations using our money to construct public-power projects including steam plants. But they complain long and loud against using our money for our own benefit, such as TVA.

Now let us see where some of the money was spent. Actually \$932,100,000 was spent for power facilities. Of that amount \$111,500,000 was spent for public electric, gas, and power facilities in Austria; \$11,700,000 was spent for public electric, gas, and power facilities in Denmark; \$563,900,000 was spent for public electric, gas, and power facilities in France; \$200,100,000 was spent for public electric, gas, and power facilities in the Federal Republic of Germany; \$24,400,000 was spent for public electric, gas, and power facilities in Greece; \$12,200,000 was spent for similar purposes in Portugal; and so on all the way around the world; and, incidentally, \$7,106,000 in Formosa. Some was spent in Burma, in the Philippines, in Thailand, and so on.

In Denmark this Nation has spent \$5,070,000 on the largest powerplant installation in the country.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(By unanimous consent, Mr. ABERNETHY was allowed to proceed for 5 additional minutes.)

Mr. ABERNETHY. Twenty-two million and thirty thousand dollars of our money was spent on public-power projects in France, and a considerable portion of that, according to the statement before me, was for steam plants.

Turning to Iceland, \$5,148,000 of our money was spent on hydroelectric power in Iceland.

In Italy, \$63,863,000 of our money was spent for the construction on 11 public steam-generating installations capable of producing 720,000 kilowatts of electricity.

We could go on and on with this breakdown but we do not have time. Money, money, money for everyone everywhere in the world for public power but none for ourselves, for TVA.

Mr. Chairman, someone may ask: So what? Well, some of you were on the floor last year when we were considering this particular item. At that time I exhibited to you, newspapers carrying statements made by the now President on TVA when he was a candidate for the Presidency. He made a very effective campaign in our section of the country, and for the first time in the history of the Nation he received 50 percent of the vote of the South—almost 50 percent. He carried many Southern States and actually received the majority of the votes of the 5 million people who live in the Tennessee Valley. Why? Because he spoke their language. He came out strong in support of TVA, agriculture, and other things of interest to them, but especially for TVA.

I do not recall the exact date, but I believe it was on the 15th day of October 1952 when he appeared in the city of Memphis. There he spoke to the largest throng of people ever to gather in that city for a political speaking. They came to hear him from Mississippi, Alabama, Kentucky, Missouri, Arkansas, Louisiana, and Tennessee. They liked his references to TVA. He was strong for it, or at least he said he was. The first question that was propounded to him when he arrived at the Memphis Airport was: "General Eisenhower, how do you stand on TVA?"

His exact words were, "They have got it going and it looks O. K. to me."

Then he moved on uptown and there, on the banks of the great Mississippi River, he made his speech. Then and there he pledged himself and his administration unequivocally and without any ifs or buts to see to it that the Tennessee Valley Authority would be operated at maximum efficiency.

Even so, there was still a little concern among many as to whether he meant what he said about TVA. So his supporters saw fit to send him a wire and urge that he come out stronger for TVA. In the wire they said, "We urge that you make another statement, not only declaring a friendly attitude toward TVA, but a warm appreciation of what it has done and will be able to continue to do in the future, so that all would realize what we realize—that TVA will continue to

prosper and, with it, the people it serves, under your administration." They also told him if he would do so he could and would carry Tennessee and that section of the country.

So he replied by wire immediately, denying any thought he would do anything which would impair the operating efficiency of the Tennessee Valley Authority, and assured the public that if he were elected TVA would grow and be maintained at maximum efficiency. So, the people believed and voted for him.

Now, on yesterday I asked a member of the committee on the majority side if what they had brought us in this bill is the program of the Eisenhower administration for TVA. He asked me why I did not make inquiry of some of the other members of the committee, that he never called the White House. Since he does not call the White House, he gave a very good answer. But surely some member of the committee on the majority side does have an entry at the White House and can give us the answer to our question. So, sometime during the remainder of this debate I would be so grateful to the chairman of this committee or some other member thereof if he would take the well of this House and tell those of us who live in the Tennessee Valley if this bill is the program which the administration, through its candidate in October 1952, promised us in the campaign speech made in Memphis, Tenn. We would like to know.

Mr. Chairman, the TVA has estimated that its power needs by 1957 will definitely require the construction of the eight new steam-plant units. This committee has seen fit to question the accuracy of various estimates made by TVA regarding its power needs. While TVA in this regard needs no defense, let it be said that in 20 years it has never requested funds to start a single new powerplant that did not prove to be needed, and usually it was needed before it was completed.

In the same 20 years, the private power experts have regularly predicted that these same plants would create unneeded surplus power. In every instance they have been wrong.

Even if it should turn out in 1957 that TVA had done the unprecedented thing and overestimated their prospect, this would amount to no more than getting its capacity a year ahead of demand. By the following year the capacity would be put to use beyond a shadow of a doubt.

It is to be regretted that this committee has seen fit to not only deny funds to begin the construction of these new units but has denied a single dollar to begin the construction of even only one unit. On the other hand, the chairman of the subcommittee which reported the bill and those who see this matter as he does state in the committee report that they intend to help the Tennessee Valley Authority and stop the increasing amount of criticism that is developing because of its expanding power requirements. This is an unusual sort of help, indeed. A few more years of such and they will have helped us and the TVA cease to exist.

Let me assure you that we in the valley who are customers of TVA do not

want to have TVA construct a single kilowatt of capacity that we cannot use because our rates would have to reflect this added investment, whether useful or not. We take no personal pride in having stored up electricity for which we are paying the rates and which is of no value to us.

According to Gordon Clapp, TVA Chairman, TVA will have to start construction of 750,000 kilowatts of capacity each year to meet normal load growth. This does not include atomic-energy demands. It is to be hoped that this administration, the Congress, and particularly the subcommittee which reported this bill, will soon begin to see this matter in another light and will carry out the pledge solemnly made by Candidate Eisenhower in October of 1952 when he faithfully promised to maintain TVA at maximum efficiency.

Another matter which disturbs us about this bill is the proposal of the committee that TVA pay interest on its power investment. Since the Federal Government owns TVA's power facilities and makes a profit on them—an average of over 4 percent in the 20 years of TVA's operations—certainly there should be no concern on the part of the committee or the Congress relative to the soundness of the Government's investment.

The return on the TVA power investment is more than enough to cover the cost of money to the Government and if the intention here was only to reclassify the return, then we would have no quarrel with it. But it is quite to the contrary. The proposal has as its objective to impose a requirement of interest on top of amortization, all out of net income. We are being asked to do much more than any private utility system. A parallel would be for a State or Federal regulatory commission to require a private utility to pay its stock and bondholders the full value of their securities and pay them interest as well but still allow them to keep control of the company forever and to continue receiving dividends.

TVA is actually owned by the Federal Government. All of its earnings belong to the Federal Government. The money invested in TVA is being repaid ahead of schedule. Eventually it will all be paid and the Government will own the facilities debt-free. The demand of the committee that the TVA pay interest on the Government's investment might be appropriate if title to the facilities were transferred to the people of the valley upon retirement of the Government's investment.

After all, this provision being legislation has no place in an appropriation bill. Furthermore, the President announced in his budget message that he was having this very point examined and considered and that later his recommendations, if any he then has, will be submitted to the Congress. This being the case, what is all of the hurry about? Why this attempt to circumvent the legislative committees of the House? Why bypass the study and recommendations which the Chief Executive is making and will later submit to the Congress?

Instead of helping the TVA, as this committee says it is doing, in the report

accompanying the pending bill, it appears to me that the proposals of the committee are quite the contrary.

There are many other undesirable and disturbing provisions in the bill which cannot, in the time allotted me, be discussed in minute detail. I particularly refer to the reduction in TVA cash reserves. If, in this instance, the will of the committee is accepted by the House, TVA will be left with inadequate working capital. I also refer to that provision which would prohibit the TVA from fixing resale rates. One of the primary objectives of the TVA is to bring electric power to the people at the lowest possible rate. Those who advocate this provision indicate that some municipalities might wish to raise their rates so as to obtain revenue for other municipal functions. This would have the effect of destroying the TVA yardstick. Also, the raising of rates would deny—have the effect of denying—power to many people of meager means. To increase the rates would actually mean less power and in turn a poorer standard of living for the valley.

There are many who oppose TVA, who fight its appropriations and do everything they can to bar its expansion on the theory that TVA is luring industry away from them. Nothing could be further from the truth. New Englanders particularly make this complaint. Of the 298 major industrial plants that New England has lost since 1940, only 8 have moved into TVA territory. All of the others have either folded up or moved into territory served by private utilities. By the law of averages TVA territory might well have got the eight even if there had been no TVA.

Whatever may be your opinion on this point, let it be said here and now that with or without TVA the South has what industry wants, and there is no way to bar its progress or growth. You might, by various and sundry methods, slow down the industrial growth of the South, but to stop it is an impossibility.

The South has markets—a tremendous demand close by for all types of goods and products, and money to pay for them.

The South has labor, an adequate supply of loyal, native-born, intelligent, productive labor that believes in a fair day's work for a fair day's pay and performs accordingly.

The South has power and fuel—an ample supply of coal, electric power, and natural gas.

The South has climate—a climate pleasant to work in and live in and in which most manufacturing operations can be carried on more economically due to lower heating costs.

The South has adequate banking facilities—it is no longer necessary to look to the North for adequate banking facilities. Financially, industry of the South has come of age.

The South has natural resources—the most abundantly endowed region of the United States, minerals and raw materials of all kinds, close to plants and markets.

The South has reasonable taxes—a reasonable and fair tax structure with



taxes as low or lower than any other industrial areas.

The South has transportation facilities—excellent highways, railways, airways, and ports, modern in every respect, for transporting raw materials to plants and finished products to markets quickly and inexpensively.

The South has an abundance of manufacturing sites—suitable and reasonably priced, for any kind of industry.

The South has an abundant water supply—excellent water resources and little stream pollution, an important factor, particularly in textile manufacturing.

And last, but not least, the South offers opportunity—the opportunity to set up a plan and engage in a reasonably profitable operation in a land of promise.

All of the effort now concentrated against the development and progress of the South, all of the effort directed against the expansion of TVA, all of the effort of every kind and character intended to estop the progress of the South, will be to no avail. We are on the march.

Mr. GAVIN. Mr. Chairman, I move to strike out the requisite number of words and ask unanimous consent to speak for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GAVIN. Mr. Chairman, I, too, am a little premature in getting into the TVA discussion at this time; however, in view of the fact that my good friend was a bit impatient to make his statement I thought I might follow him at this time, because I believe I qualify under the circumstances, for when it comes to foreign-aid spending year after year I have consistently voted against the program. I do not know whether the gentleman from Mississippi can say the same thing or not.

Yesterday I listened with interest to my good friends, Mr. ABERNETHY, of Mississippi; Mr. PRIEST, of Tennessee; Mr. ANDREWS, of Alabama; Mr. WHITTEN, of Mississippi; Mr. JONES and Mr. ELLIOTT, of Alabama; and Mr. MURRAY, Mr. EVINS, Mr. FRAZIER, Mr. COOPER, and Mr. SUTTON, all of Tennessee.

The only ones missing who would have been here pitching are now in the Senate—my good and able friends, Senator GORE and Senator KEFAUVER; but they will take up the battle when the bill goes to the Senate.

Up in my district, we have a company called the Pennsylvania Electric Co., which serves my district, and they are planning on spending \$80 million on a 3-year expansion program.

Now they are not asking the Government to finance it. They are not asking for any tax exemptions. They are not asking for anything. They recognize there is a need for power in the area so they are financing it themselves.

Last year, and let me quote from a newspaper article about this small com-

pany which I shall insert with my remarks:

Taxes continued in 1953 to be a major expense item and were expected to exceed \$12 million, an increase of 27 percent over the previous year. The 1952 tax bill was \$9.4 million.

Here is an example of public power developing its own program and they are not asking the Government for anything, but they are paying taxes into the coffers of the Government that are being siphoned off for programs that are in direct competition with them.

The irony of it is, is that all the power companies have to pay taxes to the Government and the money is used to develop steam power plants to produce cheap power that attracts industry into the Tennessee Valley.

I do not know whether my figures are right, but I think power is sold for about 17 mills per kilowatt-hour in my State, while it is sold for about 7 mills per kilowatt-hour in the Tennessee Valley.

Certainly industry is going into the Tennessee Valley, so I can readily see why my good friends want to see a continuation of the steam power program for TVA.

Let us get down to commonsense. I am anxious to see the development of every area in this country, but I do not believe that any particular section should be given preferential treatment such as is being given the TVA.

Certainly we do not want the TVA to become the pattern for our American system of industrial operation.

The TVA has grown from an infant to a lusty power and it is about time it stands on its own feet.

This country of ours was built by hard work, energy, and resourcefulness, where anybody with ambition could do anything he cared to do without competition from the Government, and that is the system I want to see continued.

The TVA has been reaching into the coffers of the American taxpayers just about long enough and it is time it stood on its own feet. I have no objection to steam power plants in the Tennessee Valley, but the people of the Tennessee Valley should pay for them. They are no more entitled to Government-subsidized steam power plants than we in the distressed coal areas of Pennsylvania are entitled to them. Certainly we could use some federally subsidized steam power plants in Pennsylvania where we have the coal so necessary to the operation of them.

We would like to have federally subsidized steam powerplants, tax exempt to produce cheap power to attract industries, just as they would like to have more of them down in the Tennessee Valley. I want to say to the Members of the House that I feel that they are no more entitled to subsidized steam powerplants in the Tennessee Valley than we are in Pennsylvania or the Ozarks of Missouri or any other part of the United States. As far as I am concerned, I would rather see coal being mined in Pennsylvania's distressed coal areas than see water flowing over the TVA dams.

How in the name of commonsense can anyone in this House consider giving preferential treatment to one section of the country in competition with the rest of the Nation? Why should they have this preferred consideration? Why are they entitled to it? If we are going to have a balanced budget and reduced governmental expenditures, the Government will have to get out of the business of competing with private industry.

I fully realize the ambitions of the people of the Tennessee Valley, but certainly, Mr. Chairman, it is about time they started to carry their own load and not ask the rest of the taxpayers of the Nation to continue to subsidize steam powerplants in the Tennessee Valley.

When this project was started, it was a flood-control project. Then it was a project for the development of the natural resources. Then they worked in hydroelectric power. The American people went along, generously and willingly, with the program. But now it is found that in periods of low water, in the summertime, they do not have sufficient water to generate hydroelectric power. So they get into the steam powerplant business to supplement the hydroelectric projects.

Certainly TVA was not conceived as a gigantic, colossal public-power project in competition with the rest of the Nation. It was conceived for flood control, navigation, the development of natural resources, and the improvement and betterment of the area. That has been accomplished.

Everyone knows that a very minute part of the power is going for the benefit of all the people. Most of the power is going to industries rather than to the people on the farms, for whom TVA was conceived. Now they are trying to attract more industry down there so that they can create a great power shortage and appeal to Government for more subsidized tax-exempt steam powerplants.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GAVIN. Mr. Chairman, I ask unanimous consent that I may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. GAVIN]?

Mr. EVINS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. GAVIN] for 1 minute.

Mr. GAVIN. Mr. Chairman, I thank my very good and able friend, the gentleman from Pennsylvania. Certainly TVA was not conceived as a gigantic hydroelectric project. I want to say that there is no more reason to build steam powerplants in the Tennessee Valley than in any other section of the country. Certainly industry is going into the Tennessee Valley if this program to subsidize steam powerplants, tax exempt, to produce cheap hydroelectric power is continued. The Tennessee Valley is not entitled to any more consideration than any other State or any other section of the country. To me it does not make sense.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I decline to yield.

Mr. MURRAY. I asked the gentleman from Pennsylvania [Mr. FULTON]. The gentleman from Pennsylvania [Mr. GAVIN] does not have the floor.

Mr. FULTON. I yielded to the gentleman from Pennsylvania for 1 minute.

Mr. McCORMACK. The gentleman having the floor cannot yield any part of his time. He can yield for a question but he cannot yield part of his time. I make the point of order, Mr. Chairman, that the gentleman from Pennsylvania [Mr. FULTON] cannot yield specific time.

Mr. FULTON. Then I refuse to yield.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FULTON. For a question to me?

Mr. YATES. Yes.

Mr. FULTON. Yes; I yield for a question.

Mr. YATES. Does not the gentleman believe that the State of Pennsylvania is to be congratulated on the vista of cheap power that has opened up as a result of the contract that has been entered into between the Atomic Energy Commission and the Duquesne Power & Light Co., which may some day make the power in the Tennessee Valley quite expensive?

Mr. FULTON. That is what I have been waiting to say. I have not had a chance yet.

Mr. GAVIN. Mr. Chairman, will the gentleman yield to me for an observation?

Mr. FULTON. I yield.

Mr. GAVIN. To me, the subsidized steam power projects does not make sense. It is not fair to the rest of the Nation.

Mr. PHILLIPS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS. Who has the floor?

Mr. GAVIN. I have the floor.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. FULTON] has the floor.

Mr. FULTON. I have the floor and I have yielded to the gentleman from Pennsylvania for an observation.

Mr. GAVIN. This is really an observation, too.

In other words, the people of other States are furnishing the money to sharpen the razor to cut their own economic and industrial throats.

Over \$100 million has been set up to complete the plants already established, and I think we have been generous in doing even that.

This steam power program in the TVA should be discontinued.

Mr. Chairman, the complete text of the article to which I have referred is as follows:

**PENELEC TO SPEND \$80 MILLION IN 3-YEAR EXPANSION—HUGE SUM GOES FOR CLEARFIELD STATION—BUY STATION SITES**

Pennsylvania Electric Co. announced plans to spend \$80 million in the next 3 years for expansion of its facilities.

President Titus said the proposed expenditures reflect the company's confidence in the economic future of the territory it serves. He called attention to the record-

breaking \$40 million spent last year for improving and enlarging the company's generating stations and transmission and distribution facilities. In the coming year, plans call for investment of more than \$30 million for the same purpose, Mr. Titus said.

The 1954 expenditures will bring the total construction figure to \$173 million for the 9-year period 1946-54. To finance its vast expansion, the company has sold new securities totaling \$72.5 million in the same period, with \$19.8 million of the amount being sold in 1953.

Nearly \$21 million went into construction of Shawville generating station in 1953, now being built near Clearfield at a cost of \$40 million. Another \$12 million will be spent to complete the job in 1954. When both of Shawville's 137,500 kilowatt units are in operation in August, Penelec's total effective generating capacity will be increased by nearly 50 percent to 838,250 kilowatts, or 1,123,660 horsepower.

#### RECORD HIT ON DECEMBER 22

Penelec met the greatest demand in its history on Tuesday, December 22, 1953, between 5 and 6 p. m., when 513,600 kilowatt hours were supplied customers. Top figure in 1952 was 497,700, also on December 22. To meet the peak demand, the company generated 527,800 kilowatt hours and purchased an additional 8,000 from other utilities for a gross total of 535,800. The gross peak in 1952 was 520,300.

Saleswise, Penelec surpassed the all-time high figures recorded in 1952. The company's 36,000 customers used an estimated 2,464,125,000 kilowatt hours of electricity in 1953, compared to 2,326,466,000 in 1952, an increase of 6 percent.

The utility passed an important milestone in its history on November 25, 1953, when for the first time it received power at 230,000 volts. The energy entered Penelec's system over a 31-mile transmission line from Montebello to Lewistown through an interconnection with Metropolitan Edison Co. Work is expected to be completed on a 56-mile section of the line from Lewistown to Shawville early in 1954. The 87-mile line will cost \$4.5 million, and will serve as a vital link for interchange of power between Penelec and other electric companies in the East.

Energized at the same time was a 230,000 volt substation at Lewistown, built at a cost of \$2 million. It will help to maintain a constant supply of high-voltage electricity for Penelec system, as well as serve the Lewistown region.

#### EXPECT \$12 MILLION TAX BILL

Taxes continued in 1953 to be a major expense item and were expected to exceed \$12 million, an increase of 27 percent over the previous year. The 1952 tax bill was \$9.4 million.

Total generation of electricity in the United States passed the half-trillion kilowatt mark in 1953, and 1.4 million new customers were added. Investor-owned companies plan to spend \$3 billion in 1954 to install 9,431,000 kilowatts of additional generating capacity. Construction expenditures of the electric companies from the end of World War II to the end of 1953 total \$16 billion.

Mr. Titus said that large construction expenditures Penelec has made and plans to make in the next 3-year period should assure a plentiful supply of dependable electricity for the future growth of the area.

I thank the gentleman from Pennsylvania.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. FULTON], if he so desires, be permitted to yield

the remainder of his time to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. FULTON. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. There are 2 minutes remaining.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. Mr. Chairman, may I point out to the gentleman from Pennsylvania who previously spoke in the debate that GARIOA is not a geographical part of Germany but is the initials of the phrase "Government and Relief in Occupied Areas," so that the appropriation he is referring to is the charging appropriation rather than the location where the money is to be spent in Germany.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I just want to say that it would take an artist to find out the various places where we do spread money abroad for this type of purpose.

Mr. FULTON. May I ask the chairman of the subcommittee [Mr. PHILLIPS] to refer to page 28, lines 13 to 18, which is the proviso on the use of funds for payment of capital grants under any contract involving the development or redevelopment of a project for predominantly residential uses?

As I understand, there are two types of program, one which initially begins with the clearance of predominantly residential areas, and the second is that area which does not have residential slums to begin with but would end with a residential development; that is, one that is a slum residence to begin with, and the second type, one that would end with the construction of new residences in this slum clearance program.

I do not believe it is the intention of the subcommittee chairman nor the Congress by legislation on the appropriation bill to change the basic act of 1949 nor in any way to change the legislative purpose of the Wolcott bill that will come in here for 1954.

Mr. PHILLIPS. The gentleman is correct.

Mr. FULTON. Then, in addition to that, this particular provision on page 28, line 13 to line 18, actually refers only to the second type of slum clearance program, that is the type that has no slum housing to begin with but hopes to end up with a residential program completed under the slum clearance program?

Mr. PHILLIPS. Let me state it this way, if I may, very briefly. The intent of this item in the bill is not to legislate nor to change the legislation previously adopted by the Congress coming out of the Committee on Banking and Currency, but to prevent possible misinterpretation or misuse of money appropriated for slum clearance.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.



Mr. PHILLIPS. Mr. Chairman, I rise in opposition to the pro forma amendment. I continue my statement to the gentleman from Pennsylvania. Obviously, what is being done in Pennsylvania is directly in line, as I interpret it, with what the Committee on Banking and Currency desires to be done, and that is the elimination of a large slum area.

Mr. FULTON. That is residences?

Mr. PHILLIPS. Residential slum area and the improvement by residences, parks, retail stores, and whatever else may be necessary. That idea, and the money, was being misused in another great city where the residential area neither before nor after reached 50 percent and where in order to call it a residential area, it was necessary to add a percentage made by the floor of a large stadium or coliseum, which was to be used for a garage. If that were used for a garage, the interpretation was that this could be established as residential. Thus, they got it over the 50-percent line. That is what the committee was trying to remedy. I think that answers the gentleman's question.

Mr. FULTON. Therefore, these other projects which may be throughout the country, and not only in Pennsylvania, that begin with the slum clearance of residential areas are not included within this restriction set out on page 28, lines 13 to 18.

Mr. PHILLIPS. I think the gentleman could properly address that question to the gentleman from Michigan [Mr. Wolcott] when that bill comes up. So far as this committee is concerned, I consider the gentleman is making an accurate statement.

Mr. FULTON. As far as this language is concerned, that is correct?

Mr. PHILLIPS. Mr. Chairman, I yield back the balance of my time.

Mr. SUTTON. Mr. Chairman, I rise in opposition to the pro forma observation of the gentleman from Pennsylvania.

Mr. Chairman, I take this opportunity before someone leaves the floor with a bad observation on their chest from my good friend, the gentleman from Pennsylvania. Of course, he can tell us about the groundhog, and I will listen, but when he gets to discussing the TVA, I don't believe he is as well versed on the subject as he is on the groundhog. I am afraid he has not read the basic act of 1933, because he will find this is not a subsidy to the people of Tennessee, it is not a preferential treatment to the people of Tennessee, and to the valley, and neither is it a program designed for flood control alone. In the basic act, it was for flood control, navigation, electric power, and hydroelectric power. If the gentleman would like to dispose of the Tennessee Valley Authority, I would suggest that he come in the front door by introducing a bill to repeal the original act of 1933 instead of trying to strangle us to death through the appropriation bill.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I decline to yield. I only have 5 minutes.

Mr. GAVIN. The gentleman referred to me. I did not refer to you.

Mr. SUTTON. Oh yes, you did, you referred to me. You called my name. I beg your pardon, you called my name in the first part of your statement.

What would happen to the coal industry of the United States of America if it were not for the steam plants? The people in Pennsylvania would be more out of work than they are today. In fact, the steam plants that we have in the Tennessee Valley burn quite a bit of your coal from Pennsylvania. If you would like to keep those people unemployed and create more unemployment, go ahead and cut out the steam plants in TVA, but you are cutting your own throat when you do it. You say it cost the coal miners in your section 17 mills an hour, whereas in the TVA it is only 7 mills for electricity. That shows that you need a TVA up there, because if you had a TVA your people would be better off and they would not be trying to leave Pennsylvania. Unfortunately, the industries you are talking about coming to the Tennessee Valley are not coming there. We would like to have them, as Pennsylvania would like to have them, but you can take the record of yesterday and you will find that the industries you speak of that have gone to the Tennessee Valley have not gone there, but they have gone to North Carolina, South Carolina, the southern part of Alabama, Arkansas, and so on. However, we would welcome them to Tennessee and to the valley.

Now, we have not received any preferential treatment. The United States has invested this money and it is to be repaid over a period of 40 years.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. Let me finish my statement and then I will yield.

Mr. TABER. Would you tell us what rate of interest you are paying?

Mr. SUTTON. As I have said this money has been invested by the United States and we have paid back exactly what the Congress in 1933 said we should. We were supposed to pay part of it back each year. We have done that. In fact, we have paid back more than we were supposed to. If you want to kill TVA, come in by the front door, but do not try to slip in the back door and starve us to death. Come in the front door and try to repeal the basic act, and then we can do it on a gentlemanly basis and have the same old TVA fight that was had back in 1933.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. Yes, I yield to the gentleman from New York.

Mr. TABER. Does the gentleman feel that making the TVA pay a proper rate of interest is trying to destroy it? I cannot understand why trying to make it an honest operation should be a problem.

Mr. SUTTON. The gentleman knows that provision was put in simply to put the TVA out of business.

Mr. TABER. Oh, no.

Mr. SUTTON. Let me finish please. It was put in to cripple the TVA. I am wondering, as the gentleman from

Mississippi was wondering also, if my friend from New York would say whether or not these provisos in this appropriation bill are at the suggestion of the White House and part of the program of the present administration?

Mr. TABER. No; they are not. They were put in because it was felt they were right and fair and would help the TVA and put it on the same basis with other powerplants throughout the country.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. SUTTON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. PHILLIPS. Reserving the right to object—

Mr. SUTTON. Then I will withdraw my request.

Mr. PHILLIPS. The gentleman knows I am not going to object. I am going to ask the gentleman first to convince me that this has something to do with the General Services Administration, which point we have reached in the bill, and then to suggest that, if it does not, further comments after the gentleman has finished be reserved until we reach the pages which contain the Tennessee Valley Authority.

Mr. SUTTON. I agree with the gentleman from California that we should be discussing the GSA, but the gentleman from Pennsylvania [Mr. Gavin] mentioned TVA. I just wanted to clear his observation.

Mr. GAVIN. I did not originate the argument. The gentleman from Mississippi [Mr. ABERNETHY] did.

Mr. SUTTON. Let me say this: In being fair to Tennessee Valley, we in the valley cannot bring in what you call private power, hydroelectric systems, because the Congress of the United States set up the monopoly, as you call it. The Virginia Electric Power Co. could not come in there if they wanted to, because there is a statute which says no other power company can come in. The Congress authorized us to buy out the Southern Cities Power Co. We would be without power in every way if the TVA was not in existence. I hope that when the criticism of TVA comes up, when you try to cut their throat, that you will come through the front door and not through the back door, and try to repeal the original law if you are against it.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I am not trying to destroy TVA. All I want is to have it on the same equitable basis as everyone else in the country. I have listened to you fellows crying the blues with a ham under each arm, and it is getting on my nerves.

Mr. SUTTON. Let us eat the ham but leave TVA alone and we will have a greater Nation.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would direct the committee's attention to the proviso on page 24 of the bill beginning on line 7 of the section dealing with the General Services Administration which contains this language relating to the stockpiling of strategic materials:

*Provided further*, That during the current fiscal year, there shall be no limitation on the value of surplus strategic and critical materials which in accordance with subsection 6 (a) of the act of July 23, 1946—

And so forth—

may be transferred to stockpiles established in accordance with said act.

Mr. Chairman, the purpose of my taking this time is to ask for an explanation of that language. This appears to be legislation in an appropriation bill. I shall not, however, raise the point of order against it, especially if this language serves some good purpose, but I think it should be explained to the House.

Mr. PHILLIPS. If the gentleman will yield—

Mr. WILLIAMS of Mississippi. I yield.

Mr. PHILLIPS. I would reluctantly have to concede the point of order were it made, Mr. Chairman, but I hope no such point is made against the item. In simple language, it allows the purchase of strategic material, critical material, badly needed material in the preparation of our defense, by transfer or outright purchase made with money we appropriate under prior authority in order that we may secure the materials we need or, and this is important, they can be transferred to stockpiles from agencies of the Government which presently have them. Thus, the military may have some of the material we want, the General Services Administration may have bought some, for other purposes; Interior may have some. This particular item in the bill makes it possible for those materials to be transferred to the stockpile without all the procedures of purchasing, spending, valuing as of cost or as of present value, which otherwise would be necessary.

Mr. WILLIAMS of Mississippi. Does this language mean that the agencies which are buying this material for stockpile purposes can pay any price to the seller, regardless of the actual value?

Mr. PHILLIPS. No.

Mr. WILLIAMS of Mississippi. Or does it deal exclusively with the exchange or transfer of materials among Government agencies?

Mr. PHILLIPS. Specifically, it deals with the transfer of goods. But it must be remembered that there is no limitation presently upon General Services for the prices it must pay to get materials where they are urgently needed. GSA has done a good job in purchasing the materials. On 1 or 2 they have had to pay more than perhaps we should like to have paid, but in the long run they have kept the price in line.

Mr. WILLIAMS of Mississippi. Under the present law I presume that the Federal Government would bid on these materials, or at least to negotiate for their

purchase at reasonable prices. Surely some such safeguards prevail?

Mr. PHILLIPS. Yes, I would say that.

Mr. WILLIAMS of Mississippi. The point I would like cleared up is that this language seems to provide no limitation on the price of those materials; does it completely open the door to any kind of Government negotiations with private concerns as relates to the price of materials purchased?

Mr. PHILLIPS. It does not open the door to any authority the agency does not presently have; and no money is involved in this particular item of the bill.

Mr. WILLIAMS of Mississippi. I thank the gentleman for this information.

The Clerk read as follows:

During the current fiscal year, no part of any money appropriated in this or any other act shall be used during any quarter of such fiscal year to purchase within the continental limits of the United States typewriting machines (except bookkeeping and billing machines) at a price which exceeds 90 percent of the lowest net cash price, plus applicable Federal excise taxes, accorded the most favored customer (other than the Government, the American National Red Cross, and the purchasers of typewriting machines for educational purposes only) of the manufacturer of such machines during the 6-month period immediately preceding such quarter: *Provided*, That the purchase, utilization, and disposal of typewriting machines shall be performed in accordance with the provisions of the Federal Property and Administrative Services Act of 1949, as amended.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the rejuvenation of my home city of Pittsburgh in recent years from a smoke-ridden, slum-choked, dying community to a bright, shining, alert, vigorous, and dynamic metropolis has been one of the most dramatic stories in American municipal history. I think every Member of Congress has heard of this remarkable metamorphosis, and many Members have come to Pittsburgh to see for themselves and to be amazed by its progress.

What Pittsburgh has done, any city can do if it has the proper leadership on the local political level, and the enlightened cooperation which Pittsburgh has received from its businessmen, newspapers, civic organization, and the general public; and if it will work at it as we have worked at it under the leadership of its mayor, David L. Lawrence.

I want to emphasize to the House today, Mr. Chairman, that one of the programs which did much to assist in Pittsburgh's dramatic rejuvenation has been the public housing program. It is recognized as one of the biggest and one of the best in the entire country. It has replaced numerous slum areas with decent housing in which many American families have finally achieved, for the first time, what we like to call the American standard of living. These are not houses or apartments alone—they are homes. They are homes in which families can and do have pride. And all of us in Pittsburgh have a sense of pride in what public housing has contributed to the overall improvement of our town's appearance and standards of living.

I am calling this fact to the attention of the House, Mr. Chairman, because the action of the House Appropriations Committee in recommending sharp curtailment and prompt abandonment of public housing would react adversely to any city seeking to emulate Pittsburgh by sweeping out the cobwebs of municipal neglect and decline, and brightening its face and outlook.

Public housing has had widespread and almost universal support in my home city of Pittsburgh. Opposed at first by some groups, it quickly demonstrated its value to the whole city, and today those who fight the program are a tiny minority of real-estate operators who base their opposition, not on facts or actualities, but on institutionalized slogans, prefabricated in the real-estate lobby's headquarters in Washington; and then sent out to localities to be parroted by real-estate dealers in letters to Members of Congress.

If the Members think they are hearing the voice of the people when they harken to the real-estate lobby on the question of public housing, they are making a big mistake, Mr. Chairman. What they are listening to is self-seeking propaganda designed to make slum property continue to be lucrative property, even if that means hardship, suffering, humiliation, and despair for the folks who are forced to continue to live in slum squalor. Of course, under redevelopment, some of the slums can be cleared, but without public housing, where do the people go who have lived in those slums? Why, into other, and worse, more crowded slums.

The Republican Party, in sounding the death knell for public housing, is also tolling the bell for any hopes the GOP may have of persuading the electorate that their party gives a hoot for the people.

The Clerk read as follows:

Capital grants for slum clearance and urban redevelopment: For an additional amount for payment of capital grants as authorized by title I of the Housing Act of 1949, as amended (42 U. S. C. 1453, 1456), \$39,000,000, to remain available until expended: *Provided*, That no funds in this or any other act shall be available for payment of capital grants under any contract involving the development or redevelopment of a project for predominantly residential uses unless incidental uses are restricted to those normally essential for residential uses: *Provided further*, That before approving any local slum clearance program under title I of the Housing Act of 1949, the Administrator shall give consideration to the efforts of the locality to enforce local codes and regulations relating to adequate standards of health, sanitation, and safety for dwellings and to the feasibility of achieving slum clearance objectives through rehabilitation of existing dwellings and areas: *Provided further*, That the authority under title I of the National Housing Act shall be used to the utmost in connection with slum rehabilitation needs.

Mr. JAVITS. Mr. Chairman, I make a point of order against the proviso appearing on page 28, lines 13 to 18, on the ground it is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from California desire to be heard on the point of order?



Mr. PHILLIPS. No, Mr. Chairman. I think we are compelled to concede the point of order and I submit an amendment to replace it.

The CHAIRMAN. The gentleman from California concedes the point of order.

Mr. PHILLIPS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS. Is not the effect of the point of order raised by the gentleman from New York to strike out from line 9 on page 28 to line 3 on page 29?

The CHAIRMAN. No, the point of order is against the language appearing in lines 13 to 18, just the one proviso.

Mr. PHILLIPS. The amendment starts with the proviso appearing in line 13 and continues to the end of the section on page 29, line 3. I thought that was what was being stricken out.

The CHAIRMAN. As the Chair understands it, the gentleman from New York confined his point of order to the one proviso.

Mr. PHILLIPS. Let it be understood, if we may, that my amendment is a substitute beginning in line 9 and extending for the balance of the page, which also affects the point of order made by the gentleman from New York.

The CHAIRMAN. First of all, we will have to dispose of the point of order. Does the gentleman from California concede the point of order to that particular portion?

Mr. PHILLIPS. We concede the point of order.

The CHAIRMAN. The Chair sustains the point of order.

Mr. WHITTEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WHITTEN. Mr. Chairman, is it possible to make a point of order to one part of a paragraph and have it limited to that particular part?

The CHAIRMAN. A Member may make a point of order to any objectionable language in the paragraph.

Mr. WHITTEN. Separating it from the remainder of the paragraph?

The CHAIRMAN. Yes.

Mr. PHILLIPS. Mr. Chairman, there is some misunderstanding. The point of order the gentleman was making I thought applied to the whole paragraph. Let the point of order be decided. We will not concede it. That will clear up the matter.

Mr. JAVITS. Mr. Chairman, if the Chair has not decided may I be heard on the point of order? I make the point of order on the ground that is legislation on an appropriation bill. Am I to understand now, that the point of order has or has not been conceded?

Mr. PHILLIPS. We ask for a ruling.

Mr. RAYBURN. Mr. Chairman, I heard the gentleman from California say twice that he conceded the point of order.

The CHAIRMAN. That is what the Chair understood and the Chair sustained the point of order.

Mr. RAYBURN. And the Chair held that the point of order was good?

Mr. PHILLIPS. The Chair has not ruled.

Mr. RAYBURN. The Chair says he has.

Mr. PHILLIPS. I beg pardon. Did the Chair rule?

The CHAIRMAN. The Chair understood the point of order to be limited to the proviso stated in the point of order. The Chair understood that the gentleman from California conceded the point of order, and the Chair sustains the point of order on that one proviso.

The Clerk read as follows:

#### PUBLIC HOUSING ADMINISTRATION

Administrative expenses: For administrative expenses of the Public Housing Administration, \$6,950,000, to be merged with and expended under the authorization for such expenses contained in title II of this act.

Mr. YATES. Mr. Chairman, I offer an amendment and I ask unanimous consent that my amendment to this section of the bill may be deferred until the last paragraph of this section on page 31 is read, pertaining to the number of units to be authorized for construction this year, in order that my amendment may be considered properly.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. May I inquire of the gentleman whether or not he would press his amendment if the point of order is sustained to the language on page 31 beginning at line 12 and continuing through line 17?

Mr. YATES. My amendment is predicated upon a point of order being sustained to that section.

Mr. HALLECK. A further parliamentary inquiry, Mr. Chairman. Would not an amendment to the language on page 29, starting at line 5, still be in order after that section is concluded?

The CHAIRMAN. No.

Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CANFIELD. Mr. Chairman, I move to strike out the last word.

Mr. MULTER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MULTER. I make the point of order against the proviso beginning on page 29, line 12, and running through page 31, line 11.

The CHAIRMAN. We have not reached that point yet.

Mr. PHILLIPS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS. Will the Chair rule whether the amendment which I handed to the desk and which I now have in my hand would be proper to offer right away at line 13 on page 28? I think the Chair moved a little rapidly over the amendment I had at the desk.

The CHAIRMAN. The Chair did not understand that the gentleman had any amendment at the desk at all. The Chair ruled upon the point of order offered by the gentleman from New York.

Mr. PHILLIPS. That is correct.

The CHAIRMAN. And the Chair did not know that the gentleman had an amendment at the desk.

Mr. PHILLIPS. If the Chair please, the RECORD will show that my statement was that I concede the point and I submit an amendment in substitution for it. This is the amendment. It was not acted upon, and I am now offering it at line 13 on page 28.

Mr. ROONEY. Mr. Chairman, I object for the reason that it is being offered too late.

The CHAIRMAN. The Chair will pass upon that. In view of the statement made by the gentleman from California, the Chair thinks we should consider his amendment, although we did not hear him at the time. Will the gentleman now offer it?

Mr. PHILLIPS. It is at the desk.

The CHAIRMAN. The Clerk will report the amendment.

Mr. RABAUT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RABAUT. Has not "Public Housing Administration" in line 4 on page 29 been read?

The CHAIRMAN. It has.

Mr. RABAUT. Then we are past line 3.

The CHAIRMAN. There has been a misunderstanding between the Chair and the gentleman from California, in charge of the bill, and the Chair is trying to correct that by having the amendment reported, inasmuch as the gentleman stated he had an amendment at the desk that the Chair did not know anything about.

Mr. RABAUT. Well, the gentleman did not make himself very clear. I do not know what the amendment is, but when you get down to the parliamentary situation, we are past the place and we have read beyond it, and I think an objection to inserting it at this time would hold.

The CHAIRMAN. The reason we passed it is because the Chair could not hear the gentleman's amendment in the ensuing confusion. The Chair was ruling upon a point of order at the time. Therefore, we will return to that portion and the Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS: On page 28, line 13, insert "Provided, That no funds in this act shall be available for payment of capital grants under any contract involving the development or redevelopment of a project for predominantly residential uses where incidental uses are not restricted to those normally essential for residential uses."

Mr. JAVITS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. JAVITS. I make the point of order against the amendment on the ground that it is legislation on an appropriation bill. It repeats in practical effect the very same proviso. The defect in the proviso originally and the defect in the language of the amendment is exactly this: It is not only a limitation; it also imposes additional duties because it

says "unless incidental uses are restricted." Restricted by whom and under what law, this certainly adds additional duties. So, I submit that the amendment has the same fatal defect that the part of the bill which the subcommittee agreed should be stricken suffered from. The fact that it is a committee amendment does not make it any better in terms of the bill than it was before.

The CHAIRMAN. Does the gentleman from California [Mr. PHILLIPS] desire to be heard?

Mr. PHILLIPS. Mr. Chairman, we do not agree with the gentleman from New York and ask for a ruling.

The CHAIRMAN (Mr. GRAHAM). The Chair holds that it is in the nature of a limitation and overrules the point of order.

Mr. PHILLIPS. Mr. Chairman, this matter has been discussed. What we are attempting to do, as has been said before, is to place a limitation upon the expenditure of money, to keep it directly in line with the intentions of the Congress as expressed in previous legislative enactments; that the expenditures shall be for items normally essential for residential use in slum-clearance projects, and those normally essential to residential use.

I have no further comments.

The CHAIRMAN (Mr. GRAHAM). The Chair notes that the gentleman's amendment is directed to page 28, line 9, when it should be directed to page 28, line 13. In order that the RECORD may be clear, and without objection, the correction will be made accordingly.

There was no objection.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I oppose this amendment because it is said to be directed, like an arrow, at a specific project in a specific city. I submit that if we permit on appropriation bills particular projects to be disposed of in this fashion, we are opening the door to some very dangerous precedents that will affect not only New York but every State and every city in the country.

Why is this wrong? Obviously, the authorities who are charged with administering these capital grants for slum clearance, the administration's people, will themselves determine whether or not they are going to allow any particular slum-clearance grant. They do not have to grant an application which is contrary to the letter and the spirit of the law in effect.

This agency, under our former colleague, Hon. Albert Cole, can certainly be relied upon in that respect. But this amendment is getting here in the Congress, and in a secondary way through an Appropriations Committee rather than even to a standing legislative committee, to the kind of administrative decision which we must inevitably leave to our administrative officers. We cannot engage in retaliation or in spanking particular people or particular projects on the floor of this House without getting ourselves into a thicket of difficulties and affecting projects we have no idea we are affecting in such a move.

I submit that it is in the interest of the preservation by every Member of this House and his local community problems that an amendment like this should be turned down so that Members will be serving notice that that is not the way they are going to have their local problems disposed of.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to my colleague from New York.

Mr. MULTER. As a matter of fact, in aiming at this one particular project they do not accomplish the purpose, because the contracts have been let and the grants have been pledged. Even though they pass this, they do not reach the particular project they are attempting to reach.

Mr. JAVITS. On the contrary, it may be possible that this shot will ricochet and hit a dozen other projects elsewhere.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. That is just the point I wanted to make. I believe very few Members understand what this proposed amendment does. I am afraid it may have some effect on a number of projects in my hometown, in the matter of restrictions. Would the gentleman explain the effect of the amendment, please?

Mr. JAVITS. What the amendment seeks to do is to hold some clearance projects strictly to residential purposes, without allowing for any other purposes, with a broad distinction as to possibly incidental residential uses, whatever that means. Yet this is often not the way that slum clearance can be actually effected and the kind of land use attained which will really permit slum clearance to deal with the housing problems which it is intended to reach.

Mr. EBERHARTER. If the gentleman will yield further, we have a particular project in Pittsburgh where we attempt to erect a civic auditorium for the benefit of the public at large. Would that restriction operate against our project?

Mr. JAVITS. I should think the gentleman would certainly want to be sure it does not do so.

Mr. EBERHARTER. I think it is a very dangerous amendment.

Mr. JAVITS. I certainly agree.

Mr. EBERHARTER. We cannot improve the city if we adopt this amendment.

Mr. COTTON. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. COTTON. Mr. Chairman, it seems necessary that this Committee of the Whole know exactly what is involved in this controversy. It appears, and the facts were presented to our committee to prove it, that in a certain instance this law and the funds obtainable under it were used to tear down an office build-

ing to make way for some kind of athletic stadium. The taxpayers' money was not used to furnish homes or houses. It was not used to get rid of slums and to give people places in which to live. It was not used for the purpose of this important project of slum clearance in which we all believe.

To say that this amendment is leveled at one case, I suggest to you, is hardly a fact. This is an instance that has called the attention of the Congress to the possibility of continued abuse. Is there anything wrong in seeing to it that because of what has been demonstrated in this instance the law shall be so clear that the funds under it shall be used for the purpose for which we all agree they ought to be used, to rehabilitate blighted areas, to clean out slums, and to provide proper living quarters? That is the whole thing in a nutshell.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. COTTON. I yield to the gentleman from California.

Mr. PHILLIPS. I think it should be said the effect goes a little further than that. The gentleman has indicated it. In order to make it a 50-percent residential property, it was necessary to count in the basement of the coliseum that was going to be built, saying that because the residents in the district would leave their automobiles in this garage that was to be built, it could then be counted as a residential area. It has been said that this does not affect that particular project. On that I would agree. It has been said that therefore it is pointless. It is not pointless. If there is any other situation in the United States where this is in fact true, it would and should apply to that.

Mr. COTTON. I simply want to make it very clear, Mr. Chairman, that we are not criticizing the good faith of anybody involved in this particular instance, and it was not the purpose of the committee to indulge in any extended explanation which could be construed as an attack on this particular transaction; but it seemed to your committee to be clearly in violation of the spirit and purpose of the law. This language is not directed at one case, it is directed to prevent such cases in the future. We want to be perfectly sure that this Federal money will be used to provide homes for slum dwellers, not moving-picture palaces or athletic stadiums.

Mr. HOWELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think there are some dangers, as some of the other Members do, in adopting the language proposed by the chairman of the committee because it might hit some perfectly worthy projects, which probably is not the intention of the language as presented, but I would like to ask the chairman of the committee, if, in his opinion, a project which was essentially residential before the redevelopment, and in process of redevelopment there was included, for instance, some part of a university or a public park or opera house or something such as might be contained in the proposed Zeckendorf plan for the redevelopment of southwest Washington,



would that be likely to be interfered with by this language?

Mr. PHILLIPS. I cannot answer the question as definitely as the gentleman would like because I do not know how much of that area is residential. But my impression is that it is a great deal more than 50 percent residential when you start out, and certainly the intent of the Congress in passing previous housing bills which contained these provisions was to do away with slums, and I think that the gentleman's project comes well within that. I suggested to this gentleman, as I did to the gentleman from Pennsylvania, that that question should be properly referred to the Committee on Banking and Currency. We are interested only in a limitation of the funds so that the expenditures may be made inside the intent of Congress, as indicated by the actions of the Committee on Banking and Currency.

Mr. HOWELL. I thank the gentleman. In an editorial in this afternoon's Evening Star, it suggests that that area presently is about 80 percent residential and in the redevelopment the percentage might be changed a little bit. If that were so, it would probably not interfere, is that correct?

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. HOWELL. I yield.

Mr. JAVITS. It seems to me that the whole point in regard to urban redevelopment projects premised on private initiative makes it necessary to make the redevelopment area habitable and hence you may have to introduce other structures in such an area. On the question of whether or not other structures should be included, it seems to me that ought to be left to the administrator. The minute you write this language in the bill, you are putting out danger signals which are bound ultimately to go the other way and hamper urban redevelopment by private enterprise. I think with that danger then despite the sweeping assurances from the chairman of the subcommittee you will find this is going to be something hung around the neck of urban redevelopment; if not another restriction why would it not be put in here.

Mr. HOWELL. I agree with the gentleman. I think what he said is absolutely true, and that there would be a real danger of interfering with one of the finest projected redevelopment projects right here in the National Capital and we ought not to take a chance with that sort of thing.

Mr. PHILLIPS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in order to have a further explanation as to what is intended here, and to give a little bit of the background on which this dispute is based, I would like to make these few comments. The committee is right in want-

ing to clear slum residences. There are two types of clearance projects—one, where the residences are there to begin with and we clear them and put in other projects, and the other type is where you are clearing office buildings or buying misused land and putting up residences of modern type. So those are the two types. Either you start with slum residences or you end up with something residential. Of course, the residential purpose is under the original act of 1949, and as it might be amended by the new act or bill which is to be brought in in 1954, the Wolcott bill which will set the legislative intent. This is an administrative question.

If you look at the committee report, on page 16, in the second paragraph, it defines what can be considered "predominately residential." It says:

Section 110 (c) (II) of that act defines a project to mean an area which is to be developed or redeveloped "for predominantly residential uses." It is understood that administratively this broad term has been considered as not necessarily meaning that the residential use shall constitute any given percentage of the physical area or construction of a project for residential purposes, but can mean that a project could be 30 percent for park purposes, 30 percent for commercial uses, and 40 percent for residential uses. Thus, only 40 percent of the project would be for residential purposes but probably would be considered as constituting "predominately residential use" of the project within the meaning of the act.

That is an attempt to interpret this language that has been put in here originally by the committee and, I believe, is being substituted by this committee amendment. I would like to ask the chairman of the committee whether the report of the committee as I have read it expresses the purpose when the original bill was brought in. Would that language apply with equal force to the language now submitted by the chairman of the subcommittee?

Mr. PHILLIPS. I agree with the gentleman.

Mr. FULTON. It is the purpose of setting out the legislative intent, and is in no way changing any substantive law as laid down in the original Housing Act of 1949, nor is it any attempt to change in advance the housing bill which will be brought in here later?

Mr. PHILLIPS. The gentleman is correct.

Mr. FULTON. I thank you.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. THOMAS].

(By unanimous consent Mr. PHILLIPS transferred the time allotted to him to Mr. THOMAS.)

Mr. THOMAS. Mr. Chairman, I rise to urge the committee to give very, very serious consideration to this language that has been offered by the chairman of the subcommittee.

I will address myself briefly to the meaning of slum clearance. In my humble judgment this is one of the finest pieces of legislation in this entire bill—slum clearance. Without this language we are taking a chance of thwarting this very high and noble purpose of clearing slums. Do you realize that the Housing

Act of 1949 carries an authorization of a billion dollars in loans to the cities, and it carries an authorization of grants in the amount of \$500 million?

The Federal Government is putting up two-thirds. After the Federal Government puts up two-thirds, the cities can come in by transferring streets, sewers, and whatnot in a slum area, and it virtually costs the city nothing. Now what is the objective? What are you seeking to do by that tremendous expenditure of money? You are seeking to blot out slums and give the people decent housing. This language holds us to that purpose. We could go into anybody's town and, without this language, well-meaning and honest people could get out there and spend your money to clear a slum and build a moving-picture theater, a bank building, or anything else.

If you want to kill this slum-clearance program, Mr. Chairman, leave the door wide open as it is now. You better adopt this language; this is common horse-sense; it protects the integrity of this act, that is all it does.

If the cities want to build an arcade, this act does not prevent the city or community spending its own money. Let us, however, spend Federal money for the purpose for which you appropriate it.

The CHAIRMAN. The gentlewoman from Pennsylvania [Mrs. BUCHANAN] is recognized.

Mrs. BUCHANAN. Mr. Chairman, when President Eisenhower announced that his budget called for only 35,000 public housing units a year for the next 4 years, after which he hoped a good substitute could be in operation to replace public housing, many of us felt he had not made a deep enough study of this problem or he would not have made such a faint-hearted proposal.

After all, the late Senator Taft, who was regarded as the symbol of Republican conservatism, had, over the years, changed his mind, and became a vigorous supporter of the public housing program, and was a cosponsor of the legislation to authorize 135,000 units a year. Several other Republican Senators had also joined the Democrats in the past in sponsoring this program.

When President Eisenhower provided for only 35,000 units a year, it was a blow to our goals of providing better housing for some of the millions of families now living in substandard dwellings. The action of the House Appropriations Committee in voting to kill off the program entirely would doom those families to continue living indefinitely in slums.

An American family, Mr. Chairman, should have a chance to live in decent housing. Housing is one of the most important factors in a child's environment. We have ample evidence that juvenile delinquency flourishes out of all proportion in slum areas, and out of juvenile delinquency grows vicious adult crime.

I urge the House, Mr. Speaker, to pass the necessary legislation and provide funds for at least the 35,000 units a year recommended by the President not just for this year but to make sure that the program can continue in subsequent

years. Even this figure of 35,000 is much too little, when we remember that President Truman provided for 75,000 units a year.

The public-housing program has been a huge success in McKeesport, Pittsburgh, and other areas of Allegheny County and, I know, in many other parts of the country, too. The Appropriations Committee, without specifying how, says it has been a failure.

Where has it failed? How? In what communities?

If there have been failures, let us correct the faults. But let us not kill off a tremendously useful, tremendously successful program everywhere, just on the assertion, from some of the members of the Appropriations Committee that they do not believe it has worked well. We must realize that even under the legislative situation that has developed here, removal of the restrictive language from the bill would still mean that no new projects could be undertaken; so it would still, in effect, be killing off a very successful program.

I have seen how it has worked in my congressional district. I have seen what it has done for—what it has meant to—families now living in decent quarters who formerly lived in wretched, overcrowded, inadequate, substandard firetraps and slums.

Is there no compassion in this Congress—in its Republican majority—for people who need help?

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

Mr. CANFIELD. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey is recognized for 8 minutes.

Mr. CANFIELD. Someone has said that life is too short to be little. Frankly, I think the House today is being little in its consideration of the President's public housing program. Certainly it is being very little in the mechanics that have been developed on this floor to defeat the program in this body.

Mr. Chairman, as I understand it, the only limitation on the authority to authorize public housing construction under existing contracts is contained in clause (1) of the last proviso of the appropriation for annual contributions for the fiscal year 1954. That limitation of 20,000 units is expressly extended only for the duration of the fiscal year 1954 and expires on June 30 of this year. It is not permanent legislation.

Therefore, unless additional limiting language is enacted by Congress for the future, the Public Housing Administration will be authorized to permit all the units under existing contracts, numbering approximately 35,000, to be placed under construction. The effect of the point of order knocking out the proposed 20,000-unit limitation for the fiscal year

1955 will, therefore, have the effect of permitting the construction of all the units under contract.

However, it is fallacious to assume that giving the Public Housing Administration authority to authorize the construction of units under existing contracts will result in the construction of 35,000 units next year. I have been informed that, due to a variety of factors, including delays in the title I slum-clearance program and local differences of opinion in the selection of sites, and so forth, only 15,000 of the units under contract can reasonably be expected to be ready for construction in the fiscal year 1955.

This is what happened when Congress stopped the pipeline of public housing last year. Construction contracts do not become the better when bound by the strictures of fiscal years. You cannot plan a number of homes in a day's time, a week's time, a month's time, or a year's time. Particularly, you cannot do this when the number of homes you are making available are numbered in the hundreds or thousands. You cannot ask architects or contractors or labor unions or engineers to produce overnight, or even over a year's time, what you yourself could not build in a lifetime.

What the public housing program needs in order to construct 35,000 units next year is the authority to enter into additional contracts which can develop speedily enough to get under construction in fiscal year 1955. This the Public Housing Administration is prohibited from doing by the second clause of last year's proviso which prohibits it permanently from entering into any new contracts. It is this limitation, rather than the limitation on construction starts, which is effectively killing the public housing program.

I find it hard to comprehend the logic of the Appropriations Committee in reducing the public-housing program to a point of virtual ineffectiveness. It is obvious the committee recognized the seriousness of the problem of slum and blight in our cities. The full request of \$39 million for slum clearance and urban redevelopment was approved. To me, this seems to indicate the committee was willing to back an all-out fight on slums. I was gratified to see that a sledgehammer attack was intended. Then to my complete consternation, I note that the sledgehammer was denied a handle. Public housing was that handle. The momentum of the intended blow no longer can be achieved—for now we find that we are offered not even half a weapon.

I think the membership of this House needs to know what this means to our agreed objective. We all want to save our cities from the cancer of slums. There's no argument among us on that. And President Eisenhower took the lead in asking for a new and logical approach. A committee of 23 experts under the chairmanship of Albert M. Cole, Administrator of the Housing and Home Finance Agency, was appointed by the President. This committee was headed by a Republican and it was comprised, not of dreamers and visionaries, but practical men who favor the largest possible role for private enterprise—com-

mensurate with getting the job done. That committee really went to work. They did a shirtsleeve job. They turned in the best report that it has been my privilege to have seen on the subject.

After studying it carefully, President Eisenhower prepared a housing message which said in part:

We believe that needed progress can best be met by full and effective utilization of our competitive economy with its vast resources for building and financing homes for our people.

At the same time, the President saw the need for recommending 35,000 units for each of the next 4 years. This, you can be sure, was the bare minimum that he believed to be necessary.

The legislation introduced called for industry to mobilize itself in this fight against slums, and inducements including 100-percent guaranteed 40-year mortgages up to \$7,000 were offered. But even this provision would not take care of those slum dwellers who simply have not the money to take advantage of it. For their problem, public housing is the only practical solution—short of maintaining them in the slums. To maintain them there will cost more than the projects.

We all hope the future will produce other and more desirable means of licking the problem of the slums. But that is hope. Even the brightest prospects for tomorrow will not keep the rain off families who are displaced by slum clearance today. They have got to have adequate housing they can afford. The alternative is to force them into a situation that can only breed more slums—thus sabotaging our agreed purposes.

That is why the President and his most informed Republican advisers have recommended continuing public housing at a reasonable level until the new programs have had a chance to prove their success. Remember, you may not approve of the boat you are in, but you had better not kick the bottom out of it until another boat comes along—particularly when you have a vital destination and too little time. Public housing is no holy cause. We who are its staunchest advocates believe it a practical weapon that we will have to use until other weapons that can do the job can be perfected.

As long as the average income of families now occupying public housing is under \$2,000 a year—and as long as even the cheapest private housing now available is beyond their means at today's prices—then a reasonable level of public housing is needed. Even a reluctant appraisal of that reasonable level is 35,000 units per year.

If this is extravagant, then we have been a hundred times more so with others. Our subsidies for public housing last year amounted to about \$40 million—just 1 percent—just one one-hundredth of what we are paying out in foreign aid. Certainly, the rehabilitation of our slum dwellers and our rescue of urban centers from the disease of slums is worth that much.

Those of you who have been listening to the high expectations of those who want to get the Government out of the housing business may well sympathize with their motives and their objectives.



But their sense of timing is overly optimistic. I believe this, and so do the Republicans who have been closest to the problem.

I urge my fellow Republicans to place their faith in the leadership of our party.

When a Republican President—and a Republican Housing Administrator and a Republican Commission of Public Housing have agreed to the need for this program, I say we should accept their judgment. Let us be realists—let us concede the practical necessity for public housing at this time. Let us accept it until the forces of free enterprise can be mobilized to clean up slums as they have never been cleaned up before.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield to the gentleman from Illinois.

Mr. YATES. I just want to tell the gentleman with respect to his remarks that this is a minimum program. Those are the very words that were used by Albert M. Cole, Administrator, Housing and Home Finance Agency, when he appeared before our subcommittee. In response to a question I asked him he stated that the program he was recommending to our committee was the absolute minimum that should be considered at the present time, because the program that he recommended envisaged the construction of 35,000 units a year for each of 4 years.

Mr. CANFIELD. I know that to be true, and I know, too, that the President today is standing wholeheartedly behind the number requested.

Mr. RAINS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise at this time to hold up the hand of my good Republican friend from New Jersey and to tell you that in 10 years I have spent on the Banking and Currency Committee, the committee charged with writing housing legislation, that committee has not yet been able to find any answer, as Mr. Cole, who at one time was an opponent of public housing, has not been able to find any answer to the housing problem of the low-income people who live in the slums of this country. I come from that section of the Deep South where public housing perhaps is not the hot problem it appears to be in some of the great cities of the Nation. I do know this bill is no answer to the people who are to be moved out of the slums by the slum-clearance program, and that you are killing outright the public-housing program.

Not only is it true that the President asked for 35,000 units, but as I understood his message, he asked for 35,000 new units over and above anything already committed in this bill. You are giving him not the minimum required or requested, you are giving him nothing.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Illinois.

Mr. YATES. As a matter of fact, it is proposed to give the communities the units that were the subject of contracts entered into under a Democratic administration.

Mr. RAINS. That is correct. I understand, and I am quite sure I understand it correctly, that there is to be a point of order made against the 20,000 units provided in this particular bill, and that will strike the provision down completely, and then it is clear to all of us that there will be no public housing provision in this appropriation bill whatsoever. Now I wonder if the Republicans really mean what they say, that they are going to carry forward the President's so-called dynamic program. I am frank to say that, in my judgment, a lot of low-income people in the cities of America are going to be interested in the answer. So will I, as a Democrat, because I believe that you cannot afford to kill completely public housing.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I have heard it said, and I would like my friend to confirm it or to enlighten me, that the distinguished chairman of the Committee on Banking and Currency, in the consideration of the housing bill just recently reported out of the gentleman's committee, took the position that there was authority in law for appropriations for public- and low-cost housing. Is that correct?

Mr. RAINS. I am quite sure that was the position taken by the majority in the Committee on Banking and Currency. As a matter of fact, there is authority in the law already, passed under a Democratic administration, for more even than the 35,000 units. I think my recollection is correct when I say there is authority and authorization for about 130,000 units.

Mr. McCORMACK. Yes, but what about the rider of last year? That is what I am coming to. As I understand the position, if a point of order is sustained, it will probably be sustained on the ground that the rider of last year for all practical purposes repealed that provision of the organic law.

Mr. RAINS. I think my friend is absolutely correct, and I think that was the full impact of what happened last year when we were not operating under similar circumstances and could not raise a point of order against legislation on an appropriation bill.

Mr. McCORMACK. So, in other words, the distinguished chairman of the Committee on Banking and Currency takes the position that there is authority in law now. Now, the Committee on Appropriations takes the position that there is no authority in law, and the point of order will be shortly advanced, I assume, to the chairman.

Mr. RAINS. As it appears to me, may I say to my friend from Massachusetts, either way we go at it the housing program is about to be cut off. I want to be kind to the chairman of my committee. He is my friend and a very distinguished gentleman, but I think it is time for the legislative committee of the House to start doing their job and for the Committee on Appropriations to quit legislating on appropriation bills.

Mr. SHAFER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, last year Congress passed the Synthetic Rubber Facilities Disposal Act and authorized the appointment of a commission to take bids and negotiate for the sale of the Government-owned synthetic rubber plants.

Since that time the President has appointed a most distinguished Commission composed of Mr. Holman D. Pettibone, Chairman of the Commission, Mr. Leslie R. Rounds, and Mr. Everett R. Cook. Mr. Eugene Holland is the executive director.

I have been most impressed with the manner in which this Commission has gone about its business and I am confident that the sales which they recommend to the Congress will meet all of the objectives of the Disposal Act.

The Commission is working diligently in an effort to attract as many bidders as they can possibly find and I know that they will make every effort to secure purchasers which will lead to the establishment of a competitive synthetic rubber industry in the hands of private capital.

But apparently there is still one or more persons in the rubber industry who think that a little Government ownership, while bad for everyone else, may not be bad for them. On March 11 an article appeared in the Wall Street Journal, datelined, Akron and under the byline of Lee Geist.

In this article Mr. Geist wrote among other things, that while rubber producers want the Government out of the synthetic rubber business and while they have an opportunity to buy these plants from the Government, "they are not too sure they want to buy." The article quotes a spokesman from an Akron firm as saying, "We are going to bid on three plants. But frankly, we would like to end up with none."

This kind of talk, I presume, should be labeled "the whittling down strategy." Scare enough people into thinking that you cannot operate these plants at a profit, or claim that they are obsolete, and perhaps you can cut your own bid down because you might scare out some other bidders who might have paid more.

Well, Congress has given private industry the chance to buy these plants. The bill that authorized the sale of the plants is not what I had hoped for, by any means. And it is obvious that if anyone wanted to make an issue on the sale of any of these facilities—any one of them—the opportunity is contained in the Disposal Act. But the facilities can be turned over to private industry, for a fair price, under this act.

I want to serve notice right here and now that if anybody in private industry entertains the idea of buying one of these facilities at a giveaway price, they will get that facility only over my violent objection.

Or if anyone in the rubber industry, having been under Government control so long, wants only to pay lip service to the theory of private enterprise and is not willing to invest in the future of this Nation and the private-enterprise system, then believe me, if he is successful he will get all the Government he wants, and perhaps more.

You know, there is a strange thing about the entire synthetic rubber program, which many people do not realize and that is, the rubber industry has done very well under this Government program. It is rather nice to operate a business where you can buy your materials from a Government source at a fixed price and under a system where you used to be able to turn the spigot on and off without cost to the customers. And it was nice of the Government to warehouse the inventory for private enterprise. So maybe there are one or two in the rubber industry who have adopted the theory that if they cannot buy the plants for peanuts, then they would rather have the Government stay in the business.

Well, I believe there are enough people in private industry in this Nation who have confidence in the future of America to buy these plants at a fair price and the few faint hearts will just have to get along under the private enterprise system.

Frankly, I was a little disappointed to read in the Wall Street Journal that there is a rubber manufacturer, I presume, in Akron, and I hope only one, who would make the statement, "We are going to bid on three plants. But frankly we'd like to end up with none." If this company represented any sizable part of the rubber industry, then I would say, perhaps the Government better stay in this business, but operate the synthetic-rubber industry on a little tougher basis. I might add that we are doing that today under a firm order system. But perhaps if Government is going to be forced to stay in this business because of faint-hearted people who may be trying to dissuade others from bidding on these plants, then the Government should run its monopoly in such a way as to return to the Government every penny invested in this industry by the Government, including the World War II costs.

Now you know it is a funny thing in this business, but in the case of a few people, their interest in getting the Government out of business apparently varies as the price of natural rubber goes up or down. Right now the price is down, so there probably are a few who are losing interest in buying one of these plants, but if the price of natural rubber goes up, I am quite sure that these same voices would be the loudest ones crying to get the Government out of business.

Now, Mr. Chairman, I do not want my remarks misinterpreted. I am basing what I have said on an article which appeared in the Wall Street Journal. That is a reputable paper, so I must presume that the quoted statements came from somebody in the rubber industry. I am not condemning all of the rubber manufacturers, in fact the vast majority of them strongly believe in the private enterprise system; have tremendous confidence in the future of America; contributed greatly to the technological developments in synthetic rubber; have great faith in the future of synthetic rubber; and are willing to pay a fair price for these facilities and sincerely want to get the Government out

of the rubber business. My remarks are directed against that individual, or that company, or those individuals, or those companies, who are either attempting to whittle down the selling price of these facilities or have decided that a little Government ownership is a mighty handy gadget so long as it appears on the proper side of the balance sheet.

The sale of these facilities is complex; it does involve many technicalities; and certain risks are involved. But I know that there are many outstanding companies in this Nation who are interested in submitting a bid for one or more of the facilities. And I would like to say now that if there are rubber users in the United States who wish to join with a group that is interested in submitting a bid for one of these facilities, I am quite confident that if they act promptly, this potential bidder will be very glad to discuss possible participation. I say this in case there is any rubber user in the Nation who has been turned down in his effort to become a party to the purchase of one of the facilities.

Now an example of how a little snowball can grow will be found in the Wall Street Journal of March 17, 1954. On the preceding day, the Rubber Facilities Disposal Commission issued a press release in the nature of an interim report. I will make that a part of my remarks at the conclusion, but the Wall Street Journal used as the headline for this news release the following: "No Bids Received Yet for Synthetic Rubber Plants, Report Reveals." I am quite confident that there is no one on the Wall Street Journal who is trying to dissuade people from submitting a bid for these facilities, but here is an article headed by the statement that no bids have been received yet for these facilities. Well, the bids are not due until May 27 and it is highly unlikely that anyone would submit a bid which would include the price at this stage of the game when they have until the 27th of May to put the final bid price in their proposal. I seriously doubt whether anybody planning to buy an automobile, a house, or a bag of corn at a date in the future would submit a definite price now on a competitive basis for a bid that would not be opened for 2 months.

What I am getting at is this: The Congress authorized the sale of these facilities and set up certain standards. But if anyone thinks that the Congress is going to be fooled by a lot of scare talk and a lot of "I am not interested" talk, then they do not know the Congress of the United States. If industry does not want to buy these plants, or if industry is only willing to submit token bids for these plants, then industry might just as well know now that the Government is going to be in the rubber business from here on out; perhaps even on an increasing scale. And as far as I am concerned, if the Government stays in the rubber business, then the Government must operate the plants in such a manner as to recover every penny invested in these plants.

I would like to attach to my remarks at this time the interim report submitted by the Rubber Facilities Disposal Com-

mission indicating, among other things, that 196 requests for plant brochures have been received from all types of industrial firms; 274 requests for instructions and information have been received and answered; 42 conferences with prospective purchasers have been held; and a flat statement that interest in the disposal program is increasing. And finally, the report states that proposals have been received and reviewed, without a price value placed in the proposal at this time.

I think this proves that there are many companies in this country who are willing to invest in the future of America, and I only hope that the manufacturer who said he did not want to buy one of these plants gets his wish. I do not know who the gentleman is, but it is quite possible that a company he had not considered might end up with the plant that he apparently does not want, or perhaps wants only on a giveaway basis.

#### RUBBER PRODUCING FACILITIES DISPOSAL COMMISSION, Washington, March 16, 1954.

An interim report of the Commission appointed by the President to dispose of the Government-owned synthetic rubber facilities was made today to the Senate Committee on Banking and Currency and to the House Committee on Armed Services. The report was signed by Holman D. Pettibone, Chairman of the Commission. Other Commission members are Leslie R. Rounds and Everett R. Cook. The report follows:

The Rubber Producing Facilities Disposal Commission has completed inspection of 25 of the 27 plants offered for sale under provisions of Public Law 205, to transfer synthetic-rubber manufacture to private enterprise.

Inspection trips have included the following facilities:

Three plants at Baton Rouge, La.  
Two plants at Lake Charles, La.  
Three plants at Port Neches, Tex.  
Three plants at Baytown, Tex.  
Two plants at Houston, Tex.  
Two plants at Borger, Tex.  
Four plants in the Los Angeles area.  
Two plants at Louisville, Ky.  
One plant at Institute, W. Va.  
Two plants at Akron, Ohio.  
One plant at Kobuta, Pa.  
The two plants at Naugatuck, Conn., remain to be visited.

Commission members have some impressions from these contacts that can be summarized as follows:

1. The plants have been well maintained by their present operators and are in good condition, including those in standby.
2. Although the quality of synthetic rubber has been vastly improved and new types developed, such as cold rubber, in the past decade there have been no basic changes in the functional process of making rubber.
3. Properties average some 10 years of operation. The degree of their obsolescence and depreciation obviously will be a matter to resolve in final negotiations for their sale. In this connection, the first two observations are relevant.
4. Plants generally are well located in or near areas for facilitating efficient operation.
5. There is optimism in the industry over the long-term outlook for increased demand and expanding markets for synthetic rubber.
6. Keen competition exists among the rubber, chemical, and petroleum industries interested in buying the plants. Other companies not now engaged in synthetic rubber manufacture or its component materials are also interested.



7. The Commission is impressed by the sincerity displayed by industrial executives. They have indicated a firm belief that the public interest will be served best by having plant ownership in private hands. They seem to feel that they have a responsibility in making this possible by offering to purchase the plants at realistic figures which recognize the potentialities of the synthetic rubber industry.

8. The Commission has advised all prospective buyers that it will not recommend any giveaway program to Congress. Since its organization, the Commission has been guided by these basic factors:

(a) That technical information on the plants be equally available to all interested parties, regardless of size or nature of their business.

(b) That a full, fair value be obtained for the plants; that the sales pattern insure a free, competitive rubber industry and that the interest of national security be protected.

(c) That the spirit and intent of the law, as developed in committee hearings and debate in both Houses of Congress, be followed.

The Commission of three members, appointed by the President, organized formally on November 10, 1953. As required by law, the Commission advertised for proposals on the plant properties on November 18, 1953. These advertisements appeared in several of the Nation's leading newspapers and business publications.

Under the law, proposals for purchase of the properties will be received until May 27 of this year. Then follows a period of negotiation with the bidders, ending December 27, 1954. No later than January 31, 1955, the Commission must submit its recommendations to Congress.

Brochures containing full technical data on the plants have been offered to all prospective buyers on request. The following résumé describes the activities of the Commission, of general interest, since last November.

1. The Commission's legal staff has consulted frequently with the Office of the Attorney General. As required by law, the Attorney General must be consulted and pass on the sales pattern recommended.

2. One hundred and ninety-six requests for plant brochures have been received from all types of industrial firms. Hundreds of brochures have been distributed.

3. Two hundred and seventy-four requests for instructions and information have been received and answered.

4. Forty-two conferences with prospective purchasers have been held.

5. Interest in the disposal program is increasing. Proposals have been received and reviewed, without a price figure. The Commission is encouraging this procedure to expedite discussions with all interested parties.

6. Interested industrial firms have been granted permission to visit plants and make their own engineering studies.

7. The Commission is evaluating individual plants through its staff organization, and a great deal of information is being developed.

Present employment at the Commission's office, including technical personnel, clerical, and secretarial assistance totals 25. All are in Washington at the Commission's office, 811 Vermont Avenue NW.

Further reports will be made to your committee as developments warrant. Inquiries are invited on any phase of the program.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, proper allusion has been made to the progressive and dynamic program of the President which includes as an essential element—and I emphasize this—which includes as an essential element—a moderate housing program carrying, upon the recommen-

dation of very distinguished authority, moderate amounts of new Federal public housing. What I think needs to be pointed out in this public housing discussion is that it is not ending today, no matter what happens in this bill on the point of order regarding public housing units in this bill. No matter what may be the construction of the provisions of this bill with respect to public housing today, the fact is that on tomorrow we will have a housing bill before us of which public housing is a vital part.

Amendments will be offered to include in that bill new public housing units. The House has the power, as it always does, by a majority, to work its will. The House can bring about public housing units, and I say this with all respect, notwithstanding the action of the subcommittee here today and the action of the Committee on Rules. The House will have the power, and let every Member know that, particularly upon the Republican side, to vote affirmatively upon this issue of the President's program and to authorize it.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. YATES. I should like to point out to the gentleman that even if the House accepts public housing units in the bill that comes up tomorrow, it still has to come back to this Appropriations Subcommittee and we will be up against the same barriers that we find in this bill.

Mr. JAVITS. If the gentleman will forgive me, that will not be quite the case, for this reason. If this point of order is sustained, then there is at least a legal argument that there is no existing authorization on the books for new Federal public housing units. If we act affirmatively on the housing bill, there will then be an authorization on the books and the House again can work its will on a regular or any supplemental appropriation bill, to make an appropriation for the new public housing so authorized.

Mr. Chairman, I ask unanimous consent that I may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the distinguished gentleman from Massachusetts.

Mr. McCORMACK. If a point of order is made and assuming—of course, I never try to read the mind of a presiding officer. And I might say that no matter how the gentleman from Pennsylvania [Mr. GRAHAM], who is in the chair, decides the point of order, he will decide it in accordance with the rules of the House and in accordance with the traditions of the great position he now occupies. It may or may not involve his personal considerations, but he will be deciding it as a trust, as the Chairman of the Committee of the Whole. I think the record should show that. But assuming that a point of order is made and is sustained, that means that the

rider of last year did repeal the organic law, the authorization.

Mr. JAVITS. I should say as a lawyer that the chances of that are so great that we must act tomorrow to include a public-housing provision and the number of units we want in the housing bill which will be before us.

I make as my first point the fact that today does not settle this argument. It can be settled tomorrow if it is not settled today. Now, why should it be settled affirmatively? I would like now to speak to my colleagues on the Republican side. Let us remember that of the Housing Act of 1949—then known as the Taft-Ellender-Wagner bill—the public-housing phase of that act would not have passed but for 23 Republican votes. Were it not for them it would have been defeated. Traditionally, public housing always requires a coalition on both sides of the aisle to be enacted and it will require it today and tomorrow if it is to be successful.

Secondly, the President has presented a progressive, dynamic program and it is a complete program. You cannot pick and choose from the essential elements of that program. Some people liked very much what was done in these last few weeks here on taxes; some did not. Some went along with it upon the ground that it was a complete package which was offered to them in addition to budget and taxes, in terms of social security, unemployment insurance, health, housing, foreign policy, liberalization of foreign trade, and other items. The important thing that we have got to remember is that it is not you nor I, but the people, especially the people in the cities—and I emphasize this to the city Members on the Republican side—the public in the cities will count public housing as a vital part of the President's program. That is what makes it modern and moderate. That is what makes it different from the ultraconservative position. That is one of the essential hallmarks of a modern and moderate program.

In the city of New York 56,000 families will be displaced by slum clearance. Not less than 20,000 of those families must have public housing or there is no slum clearance. There is a project being torn down in my district right now that will displace 3,500 families. Over half must go back into public housing. They are all families at the lower economic levels. Otherwise that site will remain empty.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Illinois.

Mr. PRICE. I just want to congratulate the gentleman on his fine speech. I want to say again that I am in full agreement, but I do not know what good it will do for the gentleman to speak to his own side of the aisle when they will not follow the leadership of the President on this question.

Mr. JAVITS. I hope very much that we will find a sufficient number who will follow the leadership of the President on this question.

I would like to make one other point which is very important. That is, that there is a commitment involved here for

the construction of some 35,000 housing units which commitment this House previously recognized when it passed upon this subject in 1952 and 1953.

If the provisions for public housing are completely stricken out of this bill, I think it is a very grave question as to whether the very prestige of Congress is not itself being jeopardized. I will say to my colleagues that as I see it, this is a great test vote, especially for the Representatives from the big cities are Republicans—not all of them; you do not get everybody's vote for anything here, and nobody expects it—but are Republicans going to put enough support behind this essential part of the President's program which deals with authorizing 140,000 units of new Federal public housing in the next 4 years to insure to the country that his program is really moderate and modern or are they going to pick and choose the ultraconservative parts and reject the parts which make it moderate and modern? That is the real test here.

Mr. JONAS of North Carolina. Mr. Chairman, I move to strike out the last word.

I ask for this time in order to invite the attention of the Members to the table in the record of the hearings beginning on page 2301. You can see from that table the number of public-housing units we have constructed in the past under prior appropriations that are now vacant. I make no comment upon the vacancy rate and merely invite the attention of the Members who are interested in finding out the vacancy rates in their own States to the fact that there is a table showing such rates in the record.

In the first State listed in the table the following situation exists: Among 20 units in one locality, 6 are vacant; in another locality, among 102 units, 32 are vacant; in another locality, among 24 units, 12 are vacant; in another locality, among 40 units, 4 are vacant; in another locality, among 35 units, 13 are vacant; and in another locality, among 340 units, 76 are vacant.

The list in that table is broken down by States. Any member of the committee interested in the situation in his own State can find the facts in that table.

In a colloquy yesterday with my friend the gentleman from Illinois [Mr. YATES] there was some confusion about the number of units now in existence. I would like to clarify that for the RECORD at this time.

I made the comment about 319,494 units and an annual contribution of \$97,800,000 in order to call attention to the cost of the program. I invite attention to pages 2299 and 2300 of the record, where the following facts appear:

The subsidy we are paying this year, including the appropriation recommended in this bill, will be \$65 million in round numbers, and is to pay for 252,109 units. This payment is an annual payment which will continue for 40 years, so the maximum subsidy for the 252,109 units will be \$65 million times 40, or \$2,600,000,000.

In 1955 there will be an increase in the number of units under subsidy by 67,385.

That is the number of units that are under construction and which will become eligible for subsidy next year. If you add those two figures together, you will come up with the sum of 319,494 units, the number to which I referred yesterday. That number of units will cost in maximum subsidy \$97,800,000 per year for 40 years or \$3,912,000,000. The actual subsidy of \$97,800,000 for 319,494 units will be reduced by whatever amount of rent is produced from these units above the cost of maintenance. The 319,494 units is exclusive of any new starts for 1955, but it does include all units now under subsidy and those that will be added through 1955 under prior appropriations.

Mr. GRANAHAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GRANAHAN. Mr. Chairman, the action of the Republican majority on the House Appropriations Committee in recommending the death of public housing except for those few units for which the Government has entered into definite and binding commitments was not altogether unexpected, since most of the Republican Members of the House have always opposed and fought public housing.

But it is surprising in one respect: That even after a Republican President—the first Republican President in a generation—drastically scales down the public-housing program, cuts by more than 50 percent the number of units scheduled for construction under the plans of the Truman administration, and comes in here and asks for what I consider a paltry 35,000 units a year on the grounds that no effective substitute had yet been found for public housing in meeting vital needs for shelter—even after all that, Mr. Chairman, the Republican majority here in the House will not go along with their own party leader.

This proves pretty conclusively that when you come down to it there is no Republican program for legislation under this administration. There is an Eisenhower program of a sort which, in respects, is a tiny-sized, economy version of many of the programs of the Democratic administrations, and then there are the various Republican programs of different Republicans in the Congress. Where the President wants to continue—even in an undernourished fashion—some of the successful programs of the previous administrations, his party members in the Congress will not go along; and where Republicans in the Congress want to continue them—say, in farm policy and other matters—the President says “No.”

There is, I repeat, not a Republican legislative program but a Republican legislative civil war, and it has now enveloped the public-housing program and appears likely to kill it.

In Philadelphia, it took quite a number of years before the Republican city administration we used to have would even look at the possibilities of public

housing. They denounced it as a Democratic program and said they wanted no part of it. It took some years, but that Republican administration in Philadelphia—backward as it was—finally awakened to the need for and the value of public housing and eventually became an enthusiastic supporter of the program. It never did make up for the valuable time it lost in starting the program in our city, but at least it did try to make up for its earlier stupidity by going in strong for public housing. And the public housing it did undertake has turned out to be very successful.

Had he listened to outstanding Philadelphia Republicans who came to recognize the value of public housing, the President would have recommended far more than 35,000 units this coming year. But he did not. He asked only for 35,000 a year for the next 4 years, even though the Housing Act of 1949 provides authority for up to 135,000 a year. Now, the Republicans on the Appropriations Committee say no even to that modest request.

Who leads the Republican Party, Mr. Chairman? Who sets its legislative policies?

Apparently no one in particular. Apparently every Republican in any position of influence in the Congress is his own Republican Party.

All it adds up to is one more instance of a doublecross for the people on campaign promises.

In this case, the people who will get hurt the most are those least able to take it—those who need decent homes for their families but are sentenced under this doublecross action to live their lives in slums unfit for human habitation.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, for many years, as you all know, as a Representative from a district in Cleveland, where low cost housing is dramatically needed—I have been hoping that we would continue the very modest and constructive program of public housing suggested by President Eisenhower. At the moment, the people of Cleveland are striving to rid themselves by their own efforts of slums in which there are 37,000 families living in substandard homes. The Cleveland citizens have voted a \$7 million bond issue to pay their share of the cost of selling slum land to private builders. Several building projects utilizing private capital and private initiative are planned or are under way. But our slum elimination program is virtually impossible to accomplish unless we get some public housing. There are two reasons for this situation. Under Federal law, we cannot tear down a single slum tenement unless we can provide temporary housing for the displaced families. Thirty-five percent of the residents of our slums cannot afford even the lowest rents available under privately constructed housing. Our whole program of slum clearance rests upon the low cost housing program.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mrs. FRANCES P. BOLTON. I yield.



Mr. CANFIELD. Is that not one of the reasons why the late Senator Taft was vigorously in favor of this program?

Mrs. FRANCES P. BOLTON. Yes; that certainly is one of the reasons why the late Senator Taft stood very vigorously for this program. For this reason, too, I am hoping that the House will agree to continue not a great, tremendous public-housing program but a modest, systematic, orderly program such as the President has urged us to adopt.

Mr. Chairman, this bill in itself is less than the President requested. Even so, it seems to me we should follow the leadership in the White House which is farseeing, recognizing the very great need of our people for fundamental and necessary basic home facilities.

Mrs. SULLIVAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to add my plea to that of my colleague from Ohio [Mrs. FRANCES P. BOLTON] for a continuation of public housing.

Mr. Chairman, I am heartsick over the action of the House Appropriations Committee in slashing the funds for public housing to a figure which would mean a complete end to the program after the 35,000 units presently committed are provided for. Inadequate as the President's proposal was for 35,000 units a year, it at least kept the program alive. Now it is to die.

What will that mean to families now living in slums? What chance will they have of getting out of those crime-ridden neighborhoods into decent housing? Are we going to throw an Iron Curtain around the slums and force people to live out their lives in those rat-infested human traps?

The House Banking and Currency Committee has been working on a new housing bill which is supposed to contain an experimental approach to low-income housing through 40-year mortgages on houses costing around \$7,600 each.

What chance would there be, Mr. Chairman—short of a depression—of building habitable, decent homes in St. Louis for \$7,600 each? The Housing and Home Finance Agency has already made clear that the experimental program would not work under present circumstances in any of our major cities because land and building costs are too high to permit housing construction at \$7,600 per home.

I understand that a proviso has been added allowing the cost to go up to \$8,600 in high-cost areas. Now, tell me, how can those people who are eligible for these public housing units—because of their low income—afford these mortgage payments? So what good is it in getting at the root of the slum program in our cities? Who can benefit from it?

We are told that perhaps private enterprise can go in and build rental housing for these people if we give them 90 percent loans. But it has not been financing that has made it impossible for private enterprise to build rental housing for the families eligible for public housing, Mr. Chairman.

No, indeed. Only one thing has prevented private enterprise from filling this serious housing need. Not financ-

ing but costs. Not financing but price. Not financing but the absence of profit in building and renting decent homes at prices families eligible for public housing could afford to pay.

So why kid ourselves or the lower income families that this proposal to kill public housing would not mean continued slum conditions for vast numbers of low-income families?

Let us come right out and be honest about it: We are proposing to kill public housing with no plan, no program, to take its place. We are proposing to kill not only a governmental program but the hopes and aspirations of those families we are going to force to continue living on in neighborhoods and housing which are a disgrace to the United States.

Let us not shake our heads and deplore crime and delinquency and disease and suffering. We are voting for crime and delinquency and disease and suffering when we vote to kill public housing.

We are voting heartbreak for many families in our cities. We are voting economy in dollars, but extravagance in the wastage of human resources. We are voting to fill the jails and cemeteries.

I repeat, Mr. Chairman, I am heartsick over the action to scuttle the housing bill. It was a particular shock, because I know from my own experience the benefits of the housing program. I have seen public housing serve as the inspiration for a full-scale effort to win the battle of slums. It is the one weapon which gives full effectiveness to the other weapons.

In St. Louis we are in the midst of a determined fight to save our city from the slum blight that has eaten a wide circle around the heart of our business district. Public-spirited citizens mobilized to plan and carry out a thoroughgoing clean up. They had confidence that their efforts would succeed. And that confidence was based on their belief that the Federal Government would help them who help themselves. They did not believe that at a critical point in the battle they would be deprived of their best weapon.

Those who were leading the fight have every right to feel that they have been left out in the no-man's land of a hard battle. And if their disappointment is a bitter thing, it is more than matched by that of the families who are seeing the death of their hopes to escape from the crime and the disease and the despair of the slums.

Mr. Chairman, in recognition of the great need for continuation of this program my home paper, the St. Louis Post-Dispatch, recognized as being one of the outstanding newspapers in the Nation, wrote an editorial on Saturday, March 27, 1954, which I would like to have made part of the RECORD.

Mr. Chairman, I revise and extend my remarks and include an editorial:

#### FAIR WARNING ON HOUSING

One thing must be said for the Republican enemies of public housing in Washington. They have given the Eisenhower administration full advance warning of their fierce determination to kill that program.

The administration has described public housing as vital to urban redevelopment and the public welfare. The President's Advisory

Committee, after extended study, called public housing an essential part of a program for low-income families, and said it must be continued. Public housing is one phase of that dynamic legislative program on which, the President has said, his administration should be judged.

Nevertheless the House GOP leadership in two ways has served notice of its intention to kill public housing. Representative TABER's Appropriations Committee, turning down President Eisenhower's request for funds to finance 35,000 public housing units a year, has approved only 20,000 units for the coming year and 15,000 for the next. Its expressed aim is to terminate the program within 2 years.

Even more dangerous, perhaps, is the refusal of the House Banking Committee, headed by Representative WOLCOTT, of Michigan, to add language to the administration's housing bill expressly continuing authority for the public housing program next year.

When Housing Administrator Cole appeared before the Senate Banking Committee earlier this month, he agreed with Senator MAYBANK that unless such a proviso were added, the terms written into existing legislation last year would abolish public housing. This same warning was given Chairman WOLCOTT's House committee this week, yet nothing was done to amend the administration bill.

What, if anything, is the administration going to do about this extensively advertised death blow at public housing? According to some Washington dispatches, the administration defeated the attack on its tax revision bill in the House by well-organized political pressure upon Republican Members. Will it defend its public housing program with the same zeal and energy?

Mr. RABAUT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise to support the forthright attitude of my distinguished colleague the gentleman from New Jersey [Mr. CANFIELD]. I feel it a privilege to stand in the well of this House and represent the little people of this Nation, those receiving \$2,000 a year and less.

It is easy enough for you to dangle before them your 40-year mortgages and your more expensive homes, but it is impossible for them to attain such homes, and you who have championed yourselves as the investigators of communism seek in measures of this kind to create the very situation which you are talking all the time about alleviating. Oh, you have money in the current 1954 appropriations for animal disease control and eradication to the tune of \$5½ million; you have money for the Bureau of Plant Industry for \$12 million; but for the little people of the Nation you deny a decent shelter called home.

Yes; your party can have the championship of this bill; I want to speak my piece because I am a member of the Appropriations Committee, but not a member of this individual subcommittee.

Investigate communism. The papers are full of it every day, but you perpetuate these hovels. Witness the misery and the degradation that exist there and strike your breast with your "My fault, my fault." Ask yourselves when you read about the alarming increases in juvenile delinquency how much of it could have been avoided if these children were properly housed in a decent neighborhood with proper recreational facilities.

You are helping to create and perpetuate that situation. But you have

money in agriculture appropriation bills for the control of what they call the phony peach pest, scabies in sheep, and cattle ticks, all kinds of money for everything but "home, sweet home" in America. And did you ever know that the home in America is sometimes the most treasured among those who have the least of this world's goods?

I have seen bills here for millions for this animal industry and that animal industry and chasing flies, and bugs, and grasshoppers; but for people and for homes and for the small folk of this Nation we will wreck the housing program and send them honeyed words.

Mr. SHELLEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, close analysis of H. R. 8583, this independent offices appropriation bill, discloses one significant and glaring tendency to me. It is illustrated in any number of individual items, but it overrides any of them in that it shows a basic and unhealthy controlling philosophy in the minds of those who are responsible for the form in which the bill has reached the floor of the House. In a few words that philosophy can be labeled "The public be damned."

The reverse side of their coin would carry the message, "Big business be praised." And in following out that philosophy the authors of H. R. 8583 have not hesitated in throwing the administration program out of the window whenever it gets in the way of doing business with big business. If it were not so serious I would have to laugh when I read the message attached to the license plates of a number of cars parked around the Capitol these days—"Give Ike a Republican Congress in '54." May I ask what this Republican Congress is giving Ike and the American people?

A look at H. R. 8583 answers that question. The provisions regarding public housing have already come up for considerable discussion during this debate. The committee majority has overlooked no opportunity to oppose the administration program and ignore the needs of the American people in that one. They have cut administrative expenses needed to keep even their own minimum program going; they have added provisions designed to hamper slum clearance and urban redevelopment projects; they have cut by over \$5 million the amount set by the Bureau of the Budget as necessary for annual contributions to local housing authorities for existing projects—and no one can accuse the Bureau of loosening the purse strings in this regard; they have set up a revolving fund which, no matter how thin you slice the bologna in the report, is designed to grease the skids for liquidation of all public housing programs; but the most immediately urgent items in the Public Housing Administration provisions is the refusal to repeal last year's provision prohibiting any new housing projects. The words the report uses are classic in their simplicity, "and that this be the end of the program." The action is also classic in its unashamed rejection of every consideration of human need.

If this step by the committee is upheld by the House we will soon see the end of the organized effort to do something about the miserable living conditions under which so large a percentage of our people live. From now on out we shall just talk about doing something, as was the case until the public-housing program was started under Franklin D. Roosevelt. The various programs since that time have gone a long way to prevent a bad situation from becoming unbearable. But anyone who says that the condition is cured and believes what he says, must have been listening too long to the siren song of the real estate and builders' lobbies. That song promises that private enterprise can and will build all the housing we need. But when it comes to actually doing some building within the means of the low-income groups for whom the public-housing programs were set up, how much of it have we ever seen? Not enough to house the starlings that roost on the public buildings in Washington. And if the public-housing program is permanently killed, as this bill would do, how much will we see in the future? Instead of building houses for these poor people they will tell us how room becomes available through their construction of more expensive new homes and apartments for those who can afford to move out of the slums into the suburbs. This variation of the vicious trickle-down theory is not new, but in spite of the number of times it has been exposed as a sham by taking from the poor and giving to the rich, we shall hear it again. It is too plausible a story for those who profit from the death of public housing to forget.

Mr. Chairman, in April of last year when we debated the proposal to kill off new starts on public housing units local communities had made reservations for approximately 180,000 new units. On at least 135,000 of those units binding contracts within the meaning of this legislation had never been signed. The local communities in desperate need of those projects were given some hope when promises were made that the provision would be reexamined during this past year. The reexamination seems to have been confined to looking for more potent weapons to use in killing the program and the hopes of those who want to take their families out of the slums and into clean and decent homes. The recommendations of the President's conference on housing, set up for the specific purpose of reexamining the Federal housing program as members of the committee had agreed to do, have been completely ignored in H. R. 8583. The recommendation of the Bureau of the Budget for a 4-year program of 140,000 units, insufficient as that is to meet the need, has also been ignored. I am forced to ask who the majority of the committee did listen to in deciding that "this be the end of the program"? Certainly not the communities, including my own city of San Francisco, which need this housing and have already invested considerable amounts in preliminary planning. Certainly not their own administration, which studied the problem and recom-

mended continuance of the program. The only conclusion to be drawn is that the voices which were heard were those of the real estate and builders groups, bent on protecting their interests by perpetuating profitable slum housing conditions.

Mr. Chairman, I shall certainly support the amendments to be offered to liberalize the public housing program beyond what this bill would permit. If that is not possible I intend to continue the fight for a sound public housing program by every possible means in this and succeeding Congresses until an honest program, designed to meet at least part of the need for replacement of substandard dwellings, is again in operation. Should some Member today take advantage of the refusal by the Committee on Rules to waive points of order against H. R. 8583, and move to strike from the bill even the 20,000 units we are contract bound to construct, I shall demand that separate legislation be enacted before the end of the fiscal year for that purpose.

The public housing items in this bill are not the only provisions which demonstrate a strong bias against the public welfare and in favor of private gain. Private power interests, for instance, must be very happy about the manner in which the bill strikes at the Tennessee Valley Authority and threatens both its corporate structure and its ability to provide for present and future power needs of the area which it serves. Were the effects of the blows at TVA confined to that project alone the results would be serious enough. But, make no mistake about it, when we permit this attack on TVA to go through we are putting the entire Federal public power program in jeopardy and by that means weakening the position of all the countless State, local, and cooperative public power systems which depend to a greater or less extent on the Federal program. Without that support the smaller public systems can be gobbled up one by one by the great corporate utilities until public power is as dead as public housing will be under this bill. It has been stated in this debate that the question is not whether we are killing these public welfare programs, but whether we are not simply transferring the responsibility for maintaining them from the Federal Government to smaller governmental units. The gentleman who made that remark was simply restating the old principle of divide and conquer. The labor movement was forced to unite as the only defense possible against the tactic. Without the binding force of Federal participation in public power and public housing programs, they will stand no more chance of survival than did labor unions before they joined forces in the common welfare.

To deny TVA the right to build the additional power facilities necessary for its normal growth is only the first step in the move to let the private utilities skim the profit from the huge Federal investment in development of the Tennessee Valley. Removal of the Authority's control over resale rates on the power which it generates is another step.



Saddling TVA with additional interest rate costs and forcing the Authority to assume as part of its corporate expense the item of \$12 million for construction of new transmission lines is a third, intended to price TVA power out of the market it has created and deny that power to new users. Taken together, these provisions, with the other cuts made in the appropriation and with the denial of the \$25 million for the Authority's reserves, are a great victory for private power interests not only in the TVA area but throughout the United States.

I urge every Member of this House who is genuinely concerned with saving for the people of the United States their right to the fruits of our great natural power resources to oppose these attempts to harness TVA in its further development of these resources for the public good. This is a clearcut issue involving public versus private gain from public resources. The friends of public power must stand up and be counted when amendments are offered to this bill to free TVA from the restraints which it would impose. I intend to stand among them.

Mr. Chairman, time does not permit me to go into detail regarding all the items in this bill. There are other cases where the little man has been hit, as in the cut in the appropriation for the Small Business Administration. Certainly I agree that the loan program of the administration should be placed on a sound footing as quickly as possible. However, I fail to see how that can be accomplished by cutting over \$500,000 from the already small appropriation for administering the agency. With regard to the Veterans' Administration it would appear that a partial lesson has been learned as a result of the fiasco resulting from last year's attempt to slash funds for compensation and other benefits to veterans, which forced the Congress to restore the greater part of the cut through supplemental appropriations. The backfiring of this highly publicized economy seems to have instilled a little wisdom in that the slash this year is not so severe. I sincerely trust that we will not be forced again to vote a supplemental appropriation to overcome any deficiency which may result from this cut.

Before leaving the Veterans' Administration appropriation I would like to extend my personal appreciation to the members of the committee for inclusion of the necessary funds for the proposed new neuropsychiatric hospital in the San Francisco area. I also want to express the hope that the Veterans' Administration will proceed to select the new site for this much-needed hospital without delay. California veterans who need the treatment this hospital will provide do not want to wait another 10 years for its construction. For their sakes and for the sake of their families I urge the responsible officials to get the actual construction under way with no further delay. That action is necessary to make room for those veterans with mental illnesses who now get no treatment at all, and to relieve the crowded conditions in

California State institutions now forced to bear that load at the expense of adequate care for nonveteran patients.

Mr. CONDON. Mr. Chairman, I move to strike out the last word.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield for a consent request?

Mr. CONDON. I yield.

Mr. PHILLIPS. Mr. Chairman, I would like to find out, following the gentleman's turn, if we can conclude discussion on the housing section to line 2 on the top of page 32 in 10 minutes.

Mr. YATES. I am constrained to object because of the fact that I have an amendment to the first part of this section that has not yet been considered.

Mr. PHILLIPS. Mr. Chairman, I am afraid this will take too much of the gentleman's time. I withdraw my request for the time being.

Mr. CONDON. Mr. Chairman, I represent the district in the United States that had the largest public housing authority in the entire country.

In 1945 we had over 70,000 people living in the Richmond Public Housing Authority. Since that time the number has gone down steadily. There are now somewhere in the neighborhood of 30,000 people more or less in the public housing project in Richmond. Of course, these were temporary war housing projects and today are not too desirable.

Mr. Chairman, I want to make just two comments. I heard the gentleman from North Carolina talk about vacancies in the various public housing projects throughout the United States. I do not know whether he was distinguishing between the various types of public housing or not, but I certainly can tell him that in Richmond, Calif., we are scheduling the demolition and the tearing down of housing projects block by block and group by group. The housing authority is discouraging any type of new registration into those housing projects, projects that are not due to be torn down for 6 and 8 months. They are not renting the units that have become available as people move out. They are telling the people in many units: You better get out of here as quickly as you can because this project is coming down.

I submit that if you include the temporary war housing in the statistics which were given about vacancies, these facts may be one answer to the number of vacancies that are said to exist.

Mr. JONAS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. CONDON. I yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. All I intended to do was to call the attention of the membership of the committee to where in the record the list of vacancies occurs. I was not commenting on anything other than that.

Mr. CONDON. The Administrator out there will not rent the houses that become vacant and let people live there.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CONDON. I yield to the gentleman from Illinois.

Mr. YATES. The attention of the membership should be invited further to the reasons for those vacancies, which appear in the testimony immediately preceding that to which reference has been made. As the people get increased incomes, which disqualify them from living in the projects, they move out. The time consumed in putting the house in shape and preparing it for another family to move in is considered in the vacancy factor.

Mr. CONDON. Mr. Chairman, I want to make one other point, and then, if I have time, I shall yield further.

The other point is this: There has been talk during the course of the debate to the effect: Let us let the local people do it; we do not need Federal funds, because it is a community problem, and let the community take on the burden.

This ought to be of interest to the chairman of the committee, the gentleman from California [Mr. PHILLIPS], because he knows that we have in California a Redevelopment Authority Act which was passed by the State legislature. Here is a problem that has come to my attention within the last 3 weeks.

In Richmond we are going to close down the temporary war housing. They are going to raze the buildings. There will then be many acres of vacant land. That land was originally condemned during the early days of the war, and even before, on a use and occupancy basis. The Federal Government did not take over the title to that land. When the Housing Authority pulls out, the title to the land will be scrambled. As to much of the land, we do not know who owns it. As to some, of course, the owners are known, and no cloud appears. The Richmond Redevelopment Agency would like to get all of the land that is going to be vacated when this temporary housing is torn down, but in order to do that they require an amendment to the Federal law to get the Federal Government to condemn the fee of that land. In turn, they want the Government to sell it to the Richmond Redevelopment Agency. Because of a State law, the Richmond Redevelopment Agency cannot condemn and get immediate occupancy until after a lengthy litigation period. So the Richmond Redevelopment Agency, under California law, cannot go forward without Federal legislation.

I might add that many of the old landowners are opposed to this approach by the Richmond Redevelopment Agency. Having realized but little from their land all through these years, they want their own land back. They want to develop it themselves.

I bring these facts to the attention of this body because I think they show that the Federal Government cannot walk away and leave public housing on the theory that the local community, either financially or legally, can pick up the burden.

I am, therefore, in accordance with the views of the gentleman from New Jersey [Mr. CANFIELD] and the gentleman from Illinois [Mr. YATES].

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CRETELLA. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the question of slum clearance and public housing is without a doubt one of our country's greatest internal problems. I should like to present my colleagues with a few simple figures and facts on such a problem as related to New Haven, Conn., as a typical thriving, industrial, and densely populated area. According to the 1950 census, 14 percent of the dwelling units now in use in New Haven are without private bath and in a dilapidated state of disrepair. This same 14 percent of the total units in New Haven houses over 6,000 families. Furthermore, the 1950 census tells us half the wage earners in New Haven earn less than \$2,700 per year. By comparison on the national level, 40 percent of all American families earn less than \$3,000 per year. Now the wage earners or the heads of households of the 6,000 families in question obviously are a part of the New Haven population earning less than \$2,700 per year, and, in the great majority of cases, I suspect they earn much less than \$2,700. The end result therefore is that a large number of families are unable to afford decent housing. Furthermore, should the financial potential be present for such families to move out of these blighted areas, there exists a shortage of rental housing in the area. Where would they move to?

The New Haven problem magnified by the similar needs of other cities in the United States presents a crisis. Congress must be prepared to act not only in the fulfillment of its legal responsibilities of its contracts with municipalities, but is morally bound to go beyond that responsibility and provide a housing program which is realistic and one which will answer back to facts and figures such as the ones pertaining to New Haven.

The Committee on Appropriations has recommended a bill both misleading and totally ineffectual. In the face of the crying need to revitalize our cities with decent housing, the committee has proposed the building of 20,000 units in 1955 and none thereafter. This action in effect would kill the entire effort, as these figures simply represent units which are already contracted for.

In the light of the country's financial burdens and condition at this time, with a debt of \$275 billion, the President's recommendations for the building of 35,000 units per year for 4 years, a total of 140,000 units, is a sound farsighted proposal. There is certainly no denial that at the end of the 4-year period public housing, slum clearance, and relocation will not be a thing of the past. As has been brought out by my distinguished colleague, the gentleman from Illinois [Mr. YATES], 10 million housing units out of 50 million are dilapidated and considered substandard. But the initiating of President Eisenhower's program is a step which tends to halt the spiral of municipal insolvency. This downward spiral is caused in part by the blighted housing areas. Federal aid to such cities in their housing dilemmas adds impetus to municipal potential so

that the cities in question should be better able to bear the burden of their responsibilities.

It is increasingly apparent that private industry cannot and will not meet the needs of a nationwide housing program. The profits which can be realized by such a venture on the part of private enterprise, that of building for the low-income groups are non-existent.

I suppose those New Haven groups such as the Human Relations Council, who are vigorously supporting the current program for rehabilitation of older housing. But such a program only goes part of the way in resolving the problem because there are still many families in dwellings not suitable for rehabilitation but only for clearance.

I cannot look the issue squarely in the face and at the same time concur with the misgivings of the opponents of this issue.

I wish to include at this point excerpts from two of the many letters I have received in the past week on this bill:

NEW HAVEN, CONN., March 29, 1954.  
HON. ALBERT W. CRETELLA,  
House Office Building,  
Washington, D. C.

DEAR SIR: I am very deeply concerned over the fate of the Federal public housing program, especially in the light of the most recent legislative developments on this question, which would kill all further housing beyond that already covered by previous contract commitments.

Knowing that you have been one of those who have recognized the need of a public housing program in the past, I have felt that you would like to know the strong belief in the present need for such a program shared by many of us who are your constituents.

I wish to inform you of my strong conviction in favor of extending Federal housing legislation. In a Nation which has such a high standard of living as ours, elementary justice and good economic sense call for at least as much of a program in this area of public housing for the present as was provided for in the Housing Act of 1949, which was endorsed by the late Senator Taft among other Republicans in a real bipartisan effort of national statesmanship. I understand that an amendment aimed at that goal will likely be offered when the present bill reaches the floor. I urge you, in the interest of those who desperately need housing help to begin pulling their own weight as good citizens, to do everything you can to support that goal. Having worked with children from the Elm Haven housing project in New Haven, I have seen for myself how much difference the existence of these projects has made in the lives of people who just need a chance to get on their feet in a decent neighborhood away from the many pitfalls of slum living. I have seen families get their feet under them and begin to help others in the community to become responsible citizens and parents. I cannot understand how anyone with a drop of Christian responsibility for his neighbor can turn his back on these people and say it is none of his business what happens to them—or to the rest of us who have to live with the teen-aged gangs of juvenile delinquents that depressed housing produces when there is no place else to go.

I know that you understand this desperate need, and I hope that you will fight for extended public housing aid, even if it has to be against fellow Republicans.

Very truly yours,

NORMAN L. GROVER.

YALE DIVINITY SCHOOL,  
New Haven, Conn., March 29, 1954.  
THE REPRESENTATIVE FROM CONNECTICUT,  
The Third District,  
House of Representatives,  
Washington, D. C.

DEAR MR. CRETELLA: I read that you will soon (Tuesday) be voting on a bill to reduce the appropriations for the public-housing program to 20,000 units for the fiscal year 1955 and 15,000 units for 1956, after which the public-housing program will die completely.

Economy in this area seems to me to be incomprehensible when set over against the situation confronting us in our large cities. As a Christian minister, I am involved in various ways in the binding up of the wounds of all men. But in few areas is our society completely beyond the reach and resources of individuals acting in and for themselves so much as it is in this area of public housing. Acting in the family unit some people are able to own their own home. For others some help may come from such operations by corporations seeking investment possibilities, as in the case of Metropolitan Life. But for many more—and in this case, those who are least able to do anything else about it, because of either skin color, religion, or economic circumstance—nothing will be done unless the country as a whole rises up in indignation and action against these injustices of man to man.

I am not naive enough to think that public housing is a cure-all; but I have seen that it is a crucial step in the right direction. I have worked in the East Harlem Protestant parish in New York City's upper East Side, I know the work of close friends working in a hold-the-fort effort in New Haven's own Oak Street area (in the Oak Street Christian parish), and I am following the emerging community council in the Dixwell-Elm Haven area. In each of these cases there is much work still to be done, but, a part of the progress which has been accomplished already is due to relief of the housing congestion and the concurrent exploitation which goes with it. It is well and good to talk of creeping socialism when campaigning as a nationwide party, and so, too, we all want efficiency in Government. But we also want, and will vote for and work against, a party which does not do the things that need to be done or see to it that, when such functions are stopped at the national level, some insurance is provided for their continuation by other agencies.

Sincerely yours,

DAVID S. GRAY.

Mr. DORN of New York. Mr. Chairman, I move to strike out the last word and I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DORN of New York. Mr. Chairman, it is important to support President Eisenhower in all of his farseeing program. One portion of this program is to provide Federal grants for housing and slum clearance. Our President has requested appropriations for 35,000 new housing units. You, who are from rural districts, cannot know the desperate housing difficulties confronting us in urban areas. We, in New York, need additional housing, not only to provide a decent place for our citizens in which to live, but for slum clearance. The segment of housing needs for which the Federal housing program is designed can



be met in no other way than by Federal assistance.

I invite my colleagues who are against the President's housing program to come to New York and see how many of our people live. Just spend a few hours in our slum living quarters. If you do, I am sure you will revise your stand and join in the support of this program.

You men in rural communities take care of your livestock and ask the Federal Government for aid in caring for them. We in the city ask Federal aid in caring for human beings by giving them adequate housing. The President's housing program could very well be called a disaster-relief program, for tens of thousands of people in our city face a dire crisis. Elderly people are living in attics with insufficient heat to maintain health; families of as many as 5 are living in 1 room and sharing toilet facilities with several other families of equal or larger size. This is not an exaggeration. The facts are borne out by records in my office. It is because of my personal knowledge of these unfortunate conditions actually existing in my district that I ask—no, I implore—you to grant the aid needed so badly.

Mr. HOWELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think I can best express how I feel on the subject of low-rent public housing by citing the experience of Trenton, the largest city in the congressional district that I represent. In the spring and summer of 1953, the city government made an extensive survey of housing in the section known as Coalport, which lies within the fifth ward of Trenton. The survey was undertaken in conjunction with a slum-clearance project being sponsored jointly by the city of Trenton and the Housing and Home Finance Agency.

The survey showed that 344 families were living in the 242 houses in the area, or about 1½ families per house. Of the houses, 50, or 20 percent, had outside hopper closets, most of which were in a poor state of repair; 90, or 37 percent, had no bath or shower; and that 98, or 40 percent, had no hot water.

In the fifth ward, during 1952, there were 104 cases of juvenile delinquency, the highest rate per ward in the city. During the same year, the ward had 19 new cases of tuberculosis and 5 deaths from the disease.

This shameful picture of inadequate housing, of crowding, disease, and delinquency becomes all the more tragic when it is realized that the Coalport area is just one section of one city in one State. Particularly in the older cities along the eastern seaboard, decaying, demoralized neighborhoods are all too prevalent. I am sure that every Member of Congress from this section has received calls for assistance with housing problems from families forced to live apart, or sharing a house, or even a room, with another family.

It is against this neighborhood background of substandard housing, repeated with such frequency across the country, that the modesty of the administration program of construction of 35,000 public housing units each year for the next 4 years must be evaluated. By any meas-

ure of experience with urban housing, this program can only be termed minimum. I honestly question whether this program would meet the demands for low-rent housing in the State of New Jersey.

But even the President's program has been "scuttled," to use the term of the Washington Star in describing committee action on the program. On this important issue, the President has once again been deserted by members of his own party, and it is necessary for Democrats to come to his aid. This we do willingly, because we know the importance and need for housing.

In all fairness to the many families living in wretched surroundings, trying to raise families and to keep family morale up, I want to urge that the House restore the terms of the President's housing program. Surely, 35,000 units each year is not too many to compete with private builders, but the amount of misery that will be alleviated by this housing is very great. Can we, in good conscience, deprive our fellow citizens of this small program of decent housing?

Mr. FRIEDEL. Mr. Chairman, I move to strike out the last word.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman from California.

Mr. PHILLIPS. Mr. Chairman, I ask unanimous consent that the time for debate up to line 9, page 29, close following the remarks of the gentleman from Maryland.

Mr. YATES. This is the first paragraph on public housing.

Mr. PHILLIPS. I am trying to limit it to where we have amendments to offer.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FRIEDEL. Mr. Chairman, for some time we have been hearing about the dynamic, progressive program that the Republicans are fostering. Judging from the results to date, as far as any particular issue is concerned, it looks to me like this dynamic, progressive forward-looking policy has turned out to be an excess of meaningless slogans, so much eye wash, as it were.

In his message to the Congress on January 25 of this year, the President recommended that Congress authorize construction during the next 4 years, of 140,000 units of new federally aided public housing. This was to be built at the rate of 35,000 units a year.

This recommendation of 35,000 units of federally aided low-income housing a year is certainly a modest recommendation. It is hardly dynamic nor is it progressive, and in view of the tremendous needs of the low-income people in the country living in slums, it is not forward-looking either. We can readily see this when we examine the Housing Act of 1949, under which Congress authorized this aid to low-income housing. In that act, Congress recommended aid to 810,000 housing units over a period of 6 years, through and including 1954. So a drop to 35,000 units a year as recom-

mended by the President is a modest proposal indeed.

Actions of House Committee on Appropriations, notwithstanding this very modest recommendation of the President for 140,000 units of public housing during the next 4 years, in the House Appropriations bill, this small sum was cut down to a mere trickle of 20,000 units for this year and approximately 15,000 next year. So that the total that the Appropriations Committee has recommended was 35,000 units during the next 2 years and killing the program thereafter.

#### HOUSE RULES COMMITTEE WIELDS THE AX

It was not bad enough that a modest 140,000 4-year program of the President should be whittled down to 35,000 units. The action of the House Rules Committee Monday made it a virtual certainty that the whole public housing program of a mere 35,000 units of public housing will be knocked out of the independent offices appropriation bill when it is considered here on the House floor. It did so by the simple parliamentary device of deciding that language in an appropriation bill about public housing was an attempt to legislate. Accordingly, if a single Member objects, this item can be stricken from the bill.

In the same Housing Act of 1949, one title aids low income public housing, and another title of the act aids in the slum clearance. The latter title provides that before slums can be razed, adequate, decent housing at a price the people can afford to pay must be available before a city can expect Federal aid for such slum clearance. In other words, one part of the act says you cannot receive Federal aid in clearing your slums unless you provide decent, reasonably priced housing for the people that are displaced, and the other title of the same act provides aid for such low income families who cannot afford to pay the high rents that now prevail for normal housing. Thus, by killing public housing, Congress is also killing slum clearance, so that both titles become a nullity as far as providing low income housing and clearing slums. For the fact of the matter is that nearly 60 percent of the families who are slated to be removed when slums are cleared are eligible for low income public housing because of their low incomes. In this connection, it must be remembered that the average income of families in public housing last year was between \$1,500 and \$2,000.

The question is commonly raised, Why do not the localities take care of their local needs themselves? The answer is they are unable to do so. Our recent hearings are replete with testimony from responsible local officials that they have told the Congress again and again the following conclusive facts. First of all, the cities cannot go it alone because the Federal Government has pre-empted the major source of tax revenue. The next reason the cities cannot do it alone is that they are now up to their necks in debts. They are using every kind of tax now and real estate taxes are now so burdensome that they cannot be raised much higher.

Moreover, in most cities the workers work in one area and live in another, so that the taxes they pay in go outside of the area where they work. Consequently, if low income people are not to continue to live in the slums and be a blight upon their cities and our Nation, modest Federal aid for low-income housing is needed imperatively.

It is disheartening to glance at the record to see how little the Federal Government has actually done in aiding localities in providing low income public housing. At a time when we are spending billions otherwise, the Federal Government is literally granting crumbs of help to the localities. Just look at this record. For each fiscal year ending June 30, here are the actual number of public housing units for the entire United States that have been aided by the Housing Act of 1949:

Fiscal year—	Placed under construction	Completed
1950.....	612	280
1951.....	83,203	28,979
1952.....	52,391	61,666
1953.....	35,472	
Total.....	171,678	90,925

In other words, out of a total of 262,603 units of low-income housing aided by the Federal Government, only 90,925 are actually completed, and 171,678 units have been placed under construction. Assuredly this is a pitifully small form of Federal aid at a time when the basic law authorized 810,000 units over this period. The whole quarrel about public housing is really a tempest in a teapot.

So much for generalities. Figures by themselves are meaningless. When they apply to the burning needs of your community or to your people, they take on life. Therefore, let us take a look at the urgent low-income housing needs of Baltimore.

In 1949, the council of the city of Baltimore approved the application of the Baltimore Housing Authority for 10,000 units of public housing. This was not the entire need of Baltimore but it represented their immediate pressing needs as far as construction programs were concerned. Pursuant to this authority, in 1949 the Baltimore Housing Authority applied to the Federal Public Housing Administration for aid on 5,000 units of low-income public housing. In July 1952 the Baltimore Housing Authority applied for the remainder of the 10,000 units, or an additional 5,000 units. In other words, their immediate needs were for 10,000 units of public housing.

In any discussion of public housing we must be realistic and recognize that it takes from 12 to 18 months for the local public-housing authority to plan the job. This requires a whole variety of actions—planning, layout, architectural aid, condemnations and costs, before the programs are complete.

#### WHAT HAPPENED TO BALTIMORE'S REQUEST

What happened to the request of the Housing Authority of Baltimore for its reservation of 10,000 units of public

housing? Five thousand of them were placed in the works as it were with the Public Housing Administration. The other 5,000 units were canceled because the Congressional Act of 1953 reduced the number of units that could be started in any 1 year. There was already on hand in the Public Housing Administration such a large backlog of requests that no additional applications could be entertained. This is the general picture in Baltimore. Now let us turn to the painful details and see how our public housing program was decimated by Congress.

At the present time, before the House Rules Committee and the House Banking and Currency Committee made their latest moves, there were 1,305 units of Baltimore housing under contract with the Federal Public Housing Authority. They would have been included in the funds that were to be made available by the House for public housing during the next 2 years.

In addition, there were 1,463 units of public housing in Baltimore in the preliminary planning stage that are literally killed by the previous action of the House on public housing, unless restored.

Now, if objection is raised to the pending bill, under the recent House rule, both the 1,305 and the 1,463 units of Baltimore housing will be killed. This is a vivid illustration of what happens in a particular city by the arbitrary actions of the House thus far, and that we are considering today.

I know from personal experience that there are various kinds of slum housing existing in various sections of Baltimore that should be razed under our so-called Baltimore plan. These unfortunate people will continue to live in slums because the recent actions of the House are condemning them to live in such squalor indefinitely. This is a loss to the city and to the Nation that we cannot afford in these perilous times.

I would just like to read a wire from our Republican governor, a communication from the Citizens Planning and Housing Association of Baltimore, and a fine editorial from the Baltimore Evening Sun, March 29, 1954.

Let us be realistic about this public housing problem. When compared to the subsidies that are given to industry in the form of higher tariffs, to the airlines for mail, roads and highways, and the billions that are thrown into the farm program, some of which have merit, we should bow our heads in shame at the relatively small amount that is requested to aid communities in low-income housing for families who cannot afford prevailing rents and who will continue to live in slums in the absence of such aid.

I express the hope that the President's modest request for 35,000 units of public housing during each of the next 4 years will be restored to the pending bill.

ANNAPOLIS, Md., March 29, 1954.

HON. SAMUEL N. FRIEDEL,  
House of Representatives;

I understand independent office appropriation bill will reach House floor today. Urge your support of the President's program of 35,000 public housing starts for each of next 4 years. President's program has been critically slashed by Appropriations Com-

mittee report. Your support of amendment to restore President's program will be appreciated. Maryland communities have considerable at stake in this program.

THEODORE R. MCKELDIN,  
Governor of Maryland.

CITIZENS PLANNING AND HOUSING  
ASSOCIATION OF BALTIMORE,  
Baltimore, Md., March 29, 1954.

HON. SAMUEL N. FRIEDEL,  
House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN FRIEDEL: We are writing to urge you to continue your support of the public housing program, and to exert what influence you can to persuade your colleagues in the House of Representatives to appropriate funds for 35,000 public housing units this year and authorize a program at this level for the next 4 years.

You know, we are sure, of the significance of public housing to Baltimore. Without continued public housing starts, low income families would not be housed—nor could our redevelopment and rehabilitation programs proceed without serious hardship to many families. The State office building project alone will require the relocation of roughly 1,000 families. In addition, tightened regulations on overcrowding will displace many people now living on Linden Avenue and Eutaw Street in the current rehabilitation area. These people must have some place to go. Public housing is the only alternative to slum housing for those in the lowest income brackets.

We know that we can count on your continued support in this matter.

Sincerely yours,  
FRANCES H. MORTON,  
Executive Secretary.

[From the Baltimore Evening Sun of March 29, 1954]

#### HOUSING CUTS

The housing program which President Eisenhower submitted to Congress in January was a well-rounded and constructive one. Worked out by an advisory committee of men with practical experience in this particular field, as is the case with most of the Eisenhower administration's major legislative proposals, the housing program was designed to stimulate home building, to make it easier for persons of low income to buy houses, to help present homeowners to modernize and keep their properties in good repair, to encourage slum prevention and to make possible through public and private means the redevelopment of neighborhoods which already have gone bad.

President Eisenhower in his housing message to Congress had this to say of public housing in relation to the new measures he was proposing:

"Until these new programs have been fully tested and by actual performance have shown their success, we should continue at a reasonable level the public housing program authorized by the Housing Act of 1949. I recommend, therefore, that the Congress authorize construction, during the next 4 years, of 140,000 units of new public housing, to be built in annual increments of 35,000 units. Special preference among eligible families should be given to those who must be relocated because of slum clearance, neighborhood rehabilitation or similar public actions. The continuance of this program will be reviewed before the end of the 4-year period, when adequate evidence exists to determine the success of the other measures I have recommended."

In contrast to this balanced housing policy of President Eisenhower and his advisers, we have the action taken by the House Appropriations Committee, which on Friday voted to limit new public housing to 35,000 units in 1955-56 and that this be the end of the pro-



gram. The House committee not only did not wait, as President Eisenhower would have us wait, until the new housing measures had been given a chance to prove themselves, before voting an end to public housing; the committee did not even wait until the new measures had emerged from committee and passed their full congressional tests.

With 30 Republicans on the powerful House Appropriations Committee, as against 20 Democrats, it looks once again as though the President's own party is failing to support him in a moderate, middle-of-the-road approach to a national problem—an approach which in 1952 swept Republicans into power.

The Clerk read as follows:

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$63,950,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant or any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the Armed Forces of the United States within 4 years prior to the date of application for admission to such housing: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended: *Provided further*, That unless the governing body of the locality agrees to its completion, no housing shall be authorized by the Public Housing Administration, or, if under construction continue to be constructed, in any community where the people of that community, by their duly elected representatives, or by referendum, have indicated they do not want it, and such community shall negotiate with the Federal Government for the completion of such housing, or its abandonment, in whole or in part, and shall agree to repay to the Government the moneys expended prior to the vote or other formal action whereby the community rejected such housing project for any such projects not to be completed plus such amount as may be required to pay all costs and liquidate all obligations lawfully incurred by the local housing authority prior to such rejection in connection with any project not to be completed: *Provided further*, That the record of expenditure of the Public Housing Administration and of the local housing authority on any public housing project shall be open to examination by the responsible authorities of any community in which such project is located, or by the local public housing authority, or by any firm of public accountants retained by either of the foregoing: *Provided further*, That no housing unit constructed under the United States Housing Act of 1939, as amended, shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General: *Provided further*, That the foregoing prohibition shall be enforced by the local housing authority, and that such prohibition shall not impair or affect the powers or obligations of the Public Housing Administration with respect to the making of loans and annual contributions under the United States Housing Act

of 1937, as amended: *Provided further*, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, authorize during the fiscal year 1955 the commencement of construction of in excess of 20,000 dwelling units.

Mr. MULTER (interrupting the reading of the paragraph). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MULTER. I tried to make a point of order before, and I do want to make a point of order now, but my inquiry is whether or not I should make my point of order against each of the provisos in this section at this time or whether I shall make the point of order against the paragraph as a whole?

The CHAIRMAN. The gentleman may make his point of order after the paragraph has been read.

Mr. YATES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. YATES. Is it proper to ask for recognition on an amendment incorporating the President's recommendation at this point or later?

The CHAIRMAN. The Clerk has not finished reading this paragraph.

(The Clerk concluded the reading of the paragraph.)

Mr. SMITH of Virginia. Mr. Chairman, I make the point of order against the language on page 31, beginning at line 12 and running through line 17. That is the provision with respect to 20,000 housing units.

Mr. Chairman, I am prepared to discuss the point of order if it is going to be contested.

Mr. MULTER. Mr. Chairman, I have a point of order to a paragraph prior to that one.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Should not the point of order that has been made be ruled upon before we take up any other points of order?

The CHAIRMAN. The Chair will consider all points of order against the paragraph now. They may be stated and we may consider them at this time.

Mr. MULTER. I make the point of order against the provisos beginning on page 29, line 12, and running to page 31, line 11 on the ground that each of those provisos is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from California desire to be heard on these points of order?

Mr. PHILLIPS. Mr. Chairman, may I take them up in the order in which they were made.

The effect of the point of order made against the proviso on page 31, line 12 is this, as the committee understands it. It is to remove the limitation and leave the opinion of the Comptroller General to stand that there could then be built no more than 33,000 or 34,000 houses—

whatever the exact number is—that were contracted for prior to the adoption of the appropriation bill of 2 years ago for the fiscal year 1953. We concede the point of order.

Mr. YATES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. YATES. Is it proper for another member of the committee to defend against the point of order if it is conceded by the chairman?

The CHAIRMAN. That is within the discretion of the Chair. Does the gentleman desire to be heard?

Mr. YATES. I desire to be heard.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. The mere fact that the chairman of the subcommittee has conceded the point of order does not mean that the point of order must be sustained. That is up to the Chair.

The CHAIRMAN. The Chair will pass upon the question. The Chair will now hear the gentleman from Illinois [Mr. YATES].

Mr. YATES. I understand that the chairman of our subcommittee was addressing himself to the point of order made by the gentleman from Virginia [Mr. SMITH], to the language appearing on page 31 between lines 12 and 17. As I understand that language, it is a limitation upon the appropriation that is contained in this bill as to the amount of money that may be used for the purpose of constructing housing units, and to that extent it is perfectly proper.

Mr. SMITH of Virginia. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. SMITH of Virginia. Mr. Chairman, I think it is necessary under the circumstances to go back to the previous bill, of last year, on this subject and the limitation contained therein. My point of order goes to the question that the provision in this bill is legislation more than it is a limitation. The point of order is directed at the point that this is legislation on an appropriation bill.

What happened about it is that the Housing Act was passed as an amendment to the old Housing Act of 1949, which authorized the construction of a certain number of units of public housing per annum. That was a matter of great controversy through the years. Ultimately the thing came to a head in the independent offices appropriation bill for the fiscal year ending June 30, 1954. In that independent offices appropriation bill was contained this provision of law, which is the law upon the subject of public housing today. That provision in last year's independent offices appropriation bill I would like to read for the Record. It states:

The Public Housing Administration shall not, after the date of approval of this act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, which will ultimately bind the Public

Housing Administration during fiscal year 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units or projects unless hereafter authorized by the Congress to do so.

That is all of the quotation that is pertinent to the question which I raise.

In other words, the law is that not a single unit of public housing can be contracted for until it is authorized by the Congress. An authorization does not mean authorization in an appropriation bill. So, this being an appropriation bill, and the provision to which I have raised the point of order being legislation which changes existing law under last year's act, it is subject to the point of order.

Mr. YATES. Mr. Chairman, if I may be heard in reply to the gentleman in opposition to the point of order, the gentleman from Virginia is correct with respect to the provisions of the appropriation bill last year. However, I respectfully direct the attention of the Chair to that provision, and I reread it, which states, "after the date of approval of this act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise."

Mr. Chairman, the units that are provided for in this act are not the subject of any new agreements that were entered into subsequent to this provision. They are units which were authorized under previous provisions of the law and are, therefore, a proper subject for this appropriation bill.

Mr. SMITH of Virginia. You concede that this changes the law, do you not?

Mr. YATES. I concede it changes the law from the date of enactment of the independent offices appropriation bill of 1954.

Mr. SMITH of Virginia. That is the law today so you are changing the law without legislative authorization.

Mr. YATES. I conceded it was the law with respect to new contracts. I did not concede it was the law with respect to other contracts.

Mr. SMITH of Virginia. But does it change the law?

Mr. YATES. Not with respect to units not the subject of the appropriations bill.

Mr. SMITH of Virginia. Then why do you need it in the bill?

Mr. YATES. Why do you need what in the bill?

Mr. SMITH of Virginia. With this clause in there, you can go ahead and build all the housing you want to. If this does not change the law, why do you put it in then?

Mr. YATES. Mr. Chairman, I must decline to yield further. I would like to be heard further on that point, if the gentleman from Virginia [Mr. SMITH] will permit me. If this point of order is sustained, I contend that its effect will be to permit the construction of all the units that are under contract to the Government of the United States and various housing authorities, namely, approximately 35,000 units. The effect of this provision in the appropriation bill is to limit the number of those units that can be constructed, namely, about 20,000 of those units. Therefore, it is a

limitation in the appropriation and it is proper.

Mr. JAVITS. Mr. Chairman, may I be heard in opposition to the point of order?

Mr. Chairman, I believe the point of order should be overruled because the language of this bill which is sought to be stricken bears no relation to the bill to which the gentleman from Virginia referred whatever. It is entirely negative in its application and so says. It says "shall not." The operative words are in line 14. Therefore, it must be considered as it stands. Alone, it bears no relation to the law to which the gentleman from Virginia referred. Standing alone, it seems to be clearly a limitation upon this appropriation.

The CHAIRMAN (Mr. GRAHAM). The Chair is ready to rule.

The Chair has in mind Public Law 176 of the 83d Congress which has been referred to, and the sections which have been quoted here. The Chair also has in mind the provisos and will pass upon the point of order raised by the gentleman from Virginia [Mr. SMITH] and the points of order raised by the gentleman from New York [Mr. MULLEN] beginning on page 29, line 12 and extending to the end of the paragraph. In the opinion of the Chair, the language is purely legislation on an appropriation bill and the Chair sustains the points of order.

Mr. YATES. Mr. Chairman, I ask for recognition on my amendment, which was passed by unanimous consent.

Mr. COOPER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. COOPER. Did the Chair sustain all points of order that had been made or just the point of order made by the gentleman from Virginia?

The CHAIRMAN. The Chair sustained the point of order made by the gentleman from Virginia and those made by the gentleman from New York [Mr. MULLEN].

Mr. YATES. That was my understanding and that is the reason I asked for recognition.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. Mr. Chairman, in reference to the point of order raised by the gentleman from Virginia, is the ruling of the Chair predicated upon the fact that the Chair is of the opinion that there is no authorization in the law at the present time for the appropriation or for money for the construction of housing units?

The CHAIRMAN. No; the Chair did not so rule. The Chair held that the language of the bill itself is legislation.

Mr. McCORMACK. In other words, Mr. Chairman, the gentleman from Massachusetts is seeking for the purposes of the record and also in view of other considerations, for example, the bill which is coming up tomorrow, to try to ascertain the basic thought in the mind of the Chairman. The gentleman from Virginia made a point of order based upon certain provisions in the ap-

propriation bill of last year, a rider so-called. The gentleman from Massachusetts in his parliamentary inquiry is seeking to find out from the Chairman if the reason for sustaining the point of order made by the gentleman from Virginia [Mr. SMITH] is that the rider of last year repealed any authorization for appropriations for the construction of housing projects.

The CHAIRMAN. The Chair has held that the proviso, the very language itself, which is as follows:

That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize during the fiscal year 1954 the commencement of construction of in excess of 20,000 dwelling units—

is on its face legislation.

Mr. McCORMACK. Does the Chairman hold that that is a repeal of any previous authorization of law?

The CHAIRMAN. No; the Chair is not ruling on that. The Chair is ruling that this language on its face is legislation on an appropriation bill.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. The Chair has announced his ruling and the reasons therefor. It seems to me that disposes of the matter.

The CHAIRMAN. It does.

Mr. McCORMACK. The gentleman from Indiana [Mr. HALLECK] is not alarming the gentleman from Massachusetts at all. The Chair was very indulgent, which the Chair, in his discretion, has the right to be. Am I correct?

The CHAIRMAN. The gentleman is correct.

Mr. YATES. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. YATES: On page 31, line 12, strike out lines 12 to 17—

The CHAIRMAN. That language has already been eliminated.

Mr. YATES. Mr. Chairman, the amendment was delivered to the Clerk's desk before the point of order was made. I ask unanimous consent that that portion of my amendment striking out those lines be deleted.

The CHAIRMAN. Without objection, it is so ordered, and the Clerk will report the modified amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. YATES: Page 29, after line 12, insert "Provided further, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, authorize during fiscal year 1955 the commencement of construction of in excess of 35,000 dwelling units and (2) after the date of approval of this act, enter into any agreement, contract, or other arrangement which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction for dwelling units aggregating in excess of 35,000



units each year during fiscal years 1956, 1957, and 1958, unless a greater number of units is hereafter authorized by the Congress."

Mr. PHILLIPS. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Illinois [Mr. YATES] is out of order. The Chair has already ruled that the first part of the amendment just read is legislation, and the balance of the amendment is obviously legislation, going beyond the limits of the provision upon which the Chair has already ruled. It changes existing law.

The CHAIRMAN. The Chair will hear the gentleman from Illinois.

Mr. YATES. This amendment incorporates the recommendation that was made to our Appropriations Committee by the Housing Administration and incorporates the President's program. I believe it is a proper limitation under the authority that exists, and I, therefore, ask the Chair to overrule the point of order.

The CHAIRMAN (Mr. GRAHAM). The Chair is prepared to rule. The Chair understands that part of the language is the same as that upon which the Chair has already ruled and has been stricken out, and the rest of the language on its face is legislation. The Chair sustains the point of order.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, some solicitude was expressed a while ago for the position of the Chairman of the Committee of the Whole, our fine friend, the gentleman from Pennsylvania [Mr. GRAHAM], as to his being in a difficult position in making the decision on the point of order. That solicitude was unnecessary, because it was quite obvious that the point of order would be sustained and that he could make no other ruling. So I am quite sure that no one here, and certainly no one in the fine constituency that he represents, will find any fault with his ruling as the facts required the ruling to be made.

There has been quite a bit of controversy about the language contained on page 31, the so-called limitation to 20,000 units, which was the number that came out of the conference on the appropriation bill last year. I have been a little surprised at the attitude taken by some who are such ardent friends of public housing in seeking to oppose the point of order, because to me it is perfectly clear—and my opinion is borne out by the Housing Administrator and by the Comptroller General's Office—that now, with this language on page 31, from lines 12 to 17, stricken out, the program will permit the construction in the coming fiscal year of upwards of 33,000 units, up to the limitation of 35,000 units contained in the language of the appropriation bill in the year before, which fixed the limit for any year at 35,000 units.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Let me proceed, if I may.

It is clear that the language of the appropriation bill last year referred to new contracts or arrangements. It did not refer to existing contractual obligations. It reads as follows: "after the

date of approval of this act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, which will ultimately bind the Public Housing Administration during fiscal year 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units or projects."

The language clearly indicates reference to new authorizations or commitments. The Housing Administrator advises us as follows:

Accordingly, if the last proviso under the same heading in H. R. 8583 is eliminated, the two above-quoted clauses from the provisos in the Independent Offices Appropriation Acts for 1953 and 1954 are in effect. Since there are now under valid loan and annual contributions contracts approximately 36,000 units on which construction will not have been authorized to commence before the end of this fiscal year 1954, there would be authority for the Public Housing Administration to authorize the commencement of the construction during the fiscal year 1955 of up to 35,000 of these 36,000 units.

That opinion is borne out likewise by the ruling of the Comptroller General's office. So without regard to what may happen in the future in other legislation, this appropriation bill as it now stands will provide for the construction of 35,000 units in the fiscal year.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman if I have time.

Mr. YATES. What about the President's program? The President recommended the construction of 35,000 units each year for the period of 4 years. The Public Housing Administrator appeared before our subcommittee and stated—

Mr. HALLECK. Now, I must interrupt the gentleman. The gentleman asked me a question. Let me answer it. The statement that I have made is for the coming fiscal year in line with the President's recommendation which was that 35,000 units be constructed. This appropriation bill as it presently stands with this proviso stricken out will permit the construction of 35,000 units—in this coming fiscal year.

Mr. YATES. Oh, no.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. THOMAS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am compelled to say that I disagree with our distinguished majority leader, the gentleman from Indiana.

Read the language in last year's bill. I think there is no doubt but what our able chairman, the gentleman from Pennsylvania, made the right ruling on the basis of that language. It states: There shall be no more units contracted for directly or indirectly that will bind the United States during this fiscal year—the fiscal year of 1954—or any other year. Does the act say anything about excepting 33 or 35 thousand units? How in the world can we read that into this act?

Now, let us not mistake one thing. If my friend from Indiana has in mind that

the Federal Government has a valid contract to go ahead and build these units, that is something else. But you are saying in that act that they are not going to be built. If you are saying that the United States is subject to damages that may be another question; however, that is a question for the courts to decide and not for this body because you have already acted. You said last year that there will not be any more units built. Let us not confuse a contractual liability. In my humble judgment, there is not one iota of liability on the part of the Government for the construction of these units. A moral obligation, maybe, yes; but contracts that have been signed, sealed, and delivered, that is another question.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Indiana.

Mr. HALLECK. Of course, the language of the statute last year specifically said: "after the date of the approval of this act enter into any new agreements, contracts, or other arrangements."

These are not new arrangements. They were arrangements, agreements, contracts, entered into prior to the effective date of this act, and that being true then the prohibition does not run against them. Since they number somewhere in the neighborhood of 35,000 units there is authority to go ahead and build them.

Mr. THOMAS. You have had that same language in the bill prior to that, too—in 1953, for instance.

Let us not confuse what is alleged to be a contractual liability with an actual prohibition of no units at all. As far as damages are concerned, who is going to sue the Federal Government and what will be the measure of damages? How is city X going to prove that it has been damaged? Certainly this is not a matter in equity where you are going to have specific performance and the court directs the Public Housing Authority to go in and actually construct so many units. Of course not.

I submit that as purely a legal matter; but surely after the action of our distinguished chairman of the Committee of the Whole, I cannot see how we can say that any units can be built without specific authorization by the Congress itself. If the Congress works its will, which I maintain it can always do if it wants to, it will have to work its will in a specific, direct action, enumerating exactly the number of units it wants to build.

Mr. YATES. Mr. Chairman, I offer an amendment which I think will bring this matter to an issue.

The Clerk read as follows:

Amendment offered by Mr. YATES: On page 29, line 6, strike out the figure "\$6,950,000" and insert "\$7,500,000."

Mr. YATES. Mr. Chairman, I am glad to know that the majority leader agrees with me. I am glad to hear him make the argument that I used in connection with the point of order offered by the gentleman from Virginia. I hate to disagree with my very dear friend from Texas [Mr. THOMAS], but the language

speaks for itself and it is pretty clear. It says that "after the date of the approval of this act"—and this is last year's law—"the PHA shall not enter into any new agreements, contracts, and other arrangements, preliminary or otherwise, which will bind the Public Housing Administration during fiscal 1954 or any other future years." Note the words "new agreements." There are about 35,000 units that are the subject of firm contracts between the Government of the United States and the various municipalities. These have already been declared to be valid and binding contracts by the Comptroller General of the United States. What the gentleman from Texas [Mr. THOMAS] wants to do is to have this House declare itself in favor of an ex post facto law, because that will be the sum and substance of what will happen in the event those contracts are not carried out.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I hope the argument and the thoughts of the gentleman from Indiana are correct, but it would seem to me that if he is correct that about 36,000 units could be constructed, that the proviso on line 12, page 31, would be a limitation.

Mr. YATES. That is correct. That was the point of my argument to the Chair on the point of order.

Mr. McCORMACK. It ought to be clarified here.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. YATES. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. YATES. I yield to the gentleman from Indiana.

Mr. HALLECK. The appropriation bill of the preceding year is the one that reduced the number from something over 100,000 per year to 35,000 per year. Now, I think it is agreed that the limitation of 35,000 units per year is still in effect, so if the commitments or the contractual obligations that were made before the effective date of the last appropriation bill aggregate more than 35,000 units, yet only 35,000 units or up to 35,000 could be built in the coming fiscal year because of the limitation.

Mr. YATES. I do not think the majority leader is correct. If what he has stated is true, then the ruling of the Chair is erroneous because the language to which the majority leader referred also contained an authorization for the construction of 35,000 additional units. The Chair ruled that the language contained in the 1953 appropriation bill was superseded by the language contained in the appropriation bill for 1954. Therefore, the majority leader's contention must be unsound.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. YATES. If I may continue for a moment and make my argument, then

I will be glad to yield to the gentleman from New York.

Mr. Chairman, this amendment is for the purpose of increasing the administrative expenses of the Public Housing Administration to take care of the increase in building 35,000 units rather than the 20,000 authorized before the point of order was made. That is the sum and substance of the situation now. The removal of the committee's limitation gives Public Housing Administration the right to construct all. The majority leader agrees with me; he said as much to the House a few moments ago. If that be true, if we are to build 15,000 more units, as the Comptroller General says may be built, then certainly we should increase the appropriation. That is the purpose of my amendment. Each year as the Congress acts on this appropriation bill the money for administrative expense is increased or decreased, depending on the number of units authorized for construction. The state of this bill now is that 35,000 units are authorized for construction. We have a most paradoxical situation. It seems that the opponents of public housing have confounded themselves; the Comptroller General has ruled formally that all those units can be built.

I want to point out, too, and I am sure the minority whip will be interested in this: The 35,000 units in the backlog that are now going to be built were authorized during the Democratic administration, not by the Republican administration.

Mr. McCORMACK. Of course, we know that, anyway.

Mr. YATES. Even the 20,000 authorized for construction last year were part of the backlog created by a Democratic administration. But I predict that the Eisenhower administration will take credit for the 35,000 units that are going to be built out of the backlog. That was the purpose of the majority leader's address—to try to fog the situation. It should be made clear that the President has asked for a program of new units, not those in the backlog.

Mr. McCORMACK. Of course, they are claiming credit now for the \$3-billion reduction in taxes on individual incomes which took effect December 31, and that was done by Congress itself, and a Democratic Congress, if the gentleman will remember. But, coming back to this subject: It is difficult for me to understand just what the situation is. The distinguished Chairman of the Committee of the Whole has sustained a point of order, the point of order which was raised by the gentleman from Virginia [Mr. SMITH]. Now, with that point of order sustained, the gentleman from Indiana [Mr. HALLECK] says that under the appropriations and the existing law they may now build 35,000 units during the next fiscal year. If that is so it seems to me that this constitutes a limitation upon the 35,000 units. So it must be that the ruling made by the chairman was upon the theory that there was no authority in law for the construction of any units.

Mr. YATES. Of any new units; that is correct.

Mr. McCORMACK. Of any new units. It seems to me that that situation ought to be clarified in some way.

Mr. YATES. Permit me to respond to the minority whip by saying that we now have a ruling by the Comptroller General of the United States that 35,000 units are under firm contract for construction and that these may be built by the Public Housing Administration. The funds for the construction of these units will come by the issuance of bonds by the local municipal authorities, not by appropriations in this bill.

What we are appropriating for in this bill, however, is the subject of my amendment, namely: The administrative expenses for the Public Housing Administration. If 35,000 units can be built we should increase the amount for administrative expenses so that the agency may be able to take care of their job. That is why I offer the amendment.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield.

Mr. HARRIS. I should like to ask a question of the gentleman who is a member of the committee and ask the attention of the chairman of the subcommittee, in an effort to clear up my own thinking. I think this matter should be cleared up in some way. I am referring to page 17 of the report.

Mr. PHILLIPS. If the gentleman will permit, we are talking about 2 or 3 matters; which one does the gentleman think we should clear up?

Mr. HARRIS. The question we are discussing here, whether or not under the best law there is authority for the construction of 35,000 new units for 1955. The report says:

The bill contains language to permit for construction in fiscal year 1955, 20,000 dwelling units. This number of starts is to be limited to those local housing authorities which have binding contracts for construction of housing units. The number of such units is estimated at approximately 35,000.

Mr. YATES. That is correct.

Mr. HARRIS. I should like to ask, Were these units contracted for prior to the enactment of the appropriation act for the fiscal year 1954?

Mr. YATES. They were.

Mr. PHILLIPS. Prior to the enactment of the 1953 appropriation act.

Mr. YATES. That is correct. It goes back even that far.

Mr. HARRIS. In other words then, under the law, 35,000 new units are authorized, notwithstanding the language in the appropriation act of a year ago.

Mr. YATES. That is true. That is the point I made to the Chair prior to his ruling on the point of order.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARRIS. I ask unanimous consent that the gentleman may have 3 additional minutes.

Mr. NICHOLSON. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. HALLECK. Mr. Chairman, reserving the right to object, and I hesitate to object, the hour is getting late. We had hoped we could conclude this bill this evening. It is evident that most of



the controversial features of the bill are going out on points of order or have gone out. In view of the fact that there is no rule on the bill waiving points of order, and a great many speeches have been made on TVA, and on housing, and a lot of other subjects, and no one wants to shut anyone else off, I think speeches ought to be held to 5 minutes.

Mr. HARRIS. I am merely trying to clear up one matter. This is the only time I have spoken on the bill, and if I can clear this one point in my own mind, it would be helpful.

Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 3 minutes.

Mr. NICHOLSON. I object, Mr. Chairman.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. RAYBURN. Mr. Chairman, if the gentleman will yield, if there is one thing I have seen in this House in this session, even, where there has been a great deal of confusion, I think it has been generated here this afternoon on this very point. I do certainly trust that somebody is going to be given time to clear this thing up, because I am in a fog about what is meant by what is in this bill, what is in the amendment, and some of the speeches that have been made.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the distinguished majority leader.

Mr. HALLECK. This much we know is certain, that these provisos went out on a point of order. I think the point of order was properly sustained. As to what is the immediate effect, we can all offer our opinions. That is all I have sought to do. Undoubtedly there will be differences of opinion, as has already been evidenced. Certainly it should be cleared up. That is the sort of thing that should be cleared up. But as far as the fundamental situation is concerned, it is simply that the bill now does not have those provisos in it.

Mr. HARRIS. That is true, and I am inclined to agree with the ruling of the Chair a moment ago. I think his ruling is in accordance with the provisions of law. As has been confirmed here by the chairman of the subcommittee, prior to the effective date of the fiscal 1954 appropriation bill covering this appropriation, there were in effect contracts for some 35,000 units.

Mr. PHILLIPS. The amount presently left over. If you go back, you have to take in the number of units which were constructed under the last bill.

Mr. HARRIS. That is true, but prior to the effective date of this last appropriation bill.

Mr. PHILLIPS. If the gentleman will turn to page 2266 of the hearings he will find it is stated that the head of the Public Housing Administration feels that that number will be cut to about 33,000. That is where the 33,000 comes from.

Mr. HARRIS. Whether it is 33,000 or 35,000, if there were outstanding contracts prior to the effective date of the

appropriation act for this fiscal year, then that number of units is under the law authorized for construction and new starts. That being true, this proviso which the Appropriations Committee placed in the bill on page 31, beginning on line 12, would limit the construction of new starts to 20,000 units, when under the law as just explained these contracts of 33,000 or 35,000 units are authorized. Consequently the ruling of the Chair to the effect that it was legislation on an appropriation bill was, it seems to me, correct, because these 33,000 or 35,000 units may be started. Therefore, the gentleman from Indiana was correct, if that is true, that during the next fiscal year 33,000 or 35,000 units, whatever the number under contract prior to the effective date of that act was, can be started. My mind is pretty clear that under present law, if the explanation is correct as has been stated, notwithstanding the statement of my good friend from Texas [Mr. THOMAS], they can be started.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the distinguished gentleman from Massachusetts.

Mr. McCORMACK. With all due respect for my friend from Arkansas, with whom I have never disagreed, and with whom I do not now disagree, but merely attempt to differentiate, if we assume the law now is that 35,000 or 36,000 units could be built in the future, and there was an appropriation-bill proviso that no more than 20,000 could be built in the next fiscal year—we are assuming now the authority exists, as the gentleman from Indiana says, the authority to build them is there, but then there is a proviso that no more than 20,000 could be built during the next fiscal year—my understanding, unless my study of parliamentary law has been erroneous, is that that would be a limitation. When 35,000 or 36,000 units are authorized and then there is a limitation that no more than a certain number could be built in a fiscal year, I always thought that that was a limitation.

Mr. HARRIS. I would agree with my distinguished friend, the gentleman from Massachusetts, if it were an appropriation to start the new units. But this is an authorization to start the new units. New units may be contracted for or started by contracting with the cities without any further appropriation.

Mr. McCORMACK. But then you come back to the organic law where there is authority to issue bonds. You understand that. So the appropriation is another proposition. Where there are 36,000 units that can be built in the future and now during the coming fiscal year there is a proviso to build less than that without injecting new law, and so forth, which this does not do, I have always felt that that would be a limitation. So, as I say, I cannot escape the impression that the ruling of our distinguished Chairman of the Committee of the Whole is based upon his thought that there is no authority in law to build even one unit.

Mr. HARRIS. I distinguish between an appropriation for this purpose and

an authorization under the law for this purpose.

Mr. PHILLIPS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois which is an amendment to a figure on page 29, line 6. Mr. Chairman, the only thing that is perfectly clear this afternoon is that there is not only a difference of opinion, but various differences of opinion, none of which can be settled in the Committee of the Whole under action taken on an amendment which refers only to money. I address myself to the amendment referring to money. The amendment which was stricken out, or the provision which was stricken out, on a point of order, appearing on page 31, line 12, was not in the budget bill when it came down. Therefore, the item on page 29, line 6, has only an indirect connection with the opinion of the Chair on the point of order made by the gentleman from Virginia. It is a fact that the subcommittee, in considering the item which resulted in \$6,950,000, did exactly as it has done in all previous years. There is slight relation between the money appropriated for administrative expenses and the number of houses built in that particular year. The administrative function of the Government is to supervise these. The buildings are planned and constructed by the local housing authorities, and the money is secured through bonds issued by the local housing authorities and sold to the Federal Government or to private investors and the contributions from the Federal Government retire those bonds. Therefore, Mr. Chairman, there is no definite reason why an amendment should be offered to raise this amount as if it were connected with the number of houses. We are now asked to consider a figure taken out of the thin air, as I suspect this is, a sort of compromise between the original amount and the amount recommended, without any discussion or any analysis of what the exact amount might be. It might be less than the amount in the bill or it might be more than the amount in the bill. So, Mr. Chairman, I am suggesting that since there is no direct connection here, the proper thing is not to attempt to legislate this figure or to decide on this figure on the floor. The gentleman from Texas says no new houses can be built. The gentleman from Indiana says a certain number of houses may be built.

Certainly this is a figure which should not be changed in the bill at the present time, but should be left to the other body when, in the hearings, definite figures will be presented and the other body may reduce this amount as they have in past years or they may increase the amount as they have in past years.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS. In 1 second I will. Now, it is almost 5 o'clock. It is the desire on this side of the House, and I think on the other side, to conclude this bill today. We discussed at length the Tennessee Valley Authority yesterday, and to a lesser extent the Housing Authority. I am constrained to ask for a limitation of time. I hope my friends on

both sides will be tolerant and will help in a very real desire to close in 35 or 40 minutes, because controversial points are going out by points of order, not to make it necessary to begin to move for limitation of time.

Mr. YATES. Mr. Chairman, I agree with the gentleman unanimously, and I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. COTTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COTTON. I want to make sure, after all of this discussion, of the ruling of the Chair on the question raised by the gentleman from Virginia. Was the ruling of the Chair to take out all those provisions starting on page 29, running clear through and including the first provision on the top of page 31?

The CHAIRMAN. All of those have been stricken out.

Mr. COTTON. Mr. Chairman, I move to strike out the last word. I think the attention of the House should be called to one fact. There has been a great deal of criticism about the Appropriations Committee legislating on appropriation bills. Undoubtedly some of it is justified, and perhaps it is well we have been denied a rule. But I think everyone in this House should understand that because of the lack of a rule this bill has been stripped in the last few minutes of provisions that have been in this law for a long time; provisions restricting public housing to American citizens; provisions subjecting expenditures to the scrutiny of the Office of the Comptroller General; provisions to keep their books open to the authorities in the various communities, and provisions that no housing units constructed shall be occupied by Communists. I am rather amazed that this action should have been advocated by any Member of this House.

Mr. PHILLIPS. Mr. Chairman, a point of order. We are now at line 17 on page 31.

Mr. MULTER. Mr. Chairman, I have an amendment at the desk to the last section.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 29, at line 12, insert a new section:

"That part of Public Law 176 of the 83d Congress, reading: 'Provided further, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize during the fiscal year 1954 the commencement of construction of in excess of 20,000 dwelling units or (2) after the date of approval of this act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, which will ultimately bind the Public Housing Administration during fiscal year 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units or projects unless here-

after authorized by the Congress to do so, and during the fiscal year 1954 the Housing and Home Finance Administrator shall make a complete analysis and study of the low-rent public housing program and, on or before February 1, 1954, shall transmit to the Appropriations Committees of the House and Senate his recommendations with respect to such low-rent public program,' is hereby repealed."

Mr. PHILLIPS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS. Mr. Chairman, I make a point of order against the amendment, that the Chair has already ruled against similar amendments twice on the ground that it is legislation on an appropriation bill. I make the same point now. It changes existing law, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman from New York briefly on the point of order.

Mr. MULTER. I am quite familiar with the rules of procedure and submit the matter to the ruling of the Chair.

But I ask the Chair's indulgence to speak out of order for half a minute in view of the remarks of the gentleman from New Hampshire [Mr. COTTON], about the point of order I raised striking out various pieces of legislation from this bill which refer among other things to citizens and Communists. I did that in order to protect the jurisdiction of the Committee on Banking and Currency.

I am sure any Member who wants those provisions put in the law—I believe they are already there, they do not belong in this appropriation bill—may offer them when we consider the housing bill tomorrow, and I am sure the House will reenact such provisions.

The CHAIRMAN. The Chair is prepared to rule. The language of the amendment is obnoxious to the rule prohibiting legislation on an appropriation bill. It seeks to repeal existing legislation, and therefore the amendment is itself legislation.

The Chair sustains the point of order.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is essential to inform the committee that what we have done today does not settle the public housing program. It settles what shall be done about units under contract before 1953, a total of 33,000; it does not settle what shall be done about new units. It does not settle anything about President Eisenhower's proposal for 35,000 new units a year for 4 years a total of 140,000 new public housing units.

Had the point of order been overruled to the provision in this bill on public housing units the subject might have been acted on today. As it is, the subject has not been finished; it is closed today on the subject of commitments already made but it will be open tomorrow on new public housing—and that is the President's program, what we are affecting today is the pre-Eisenhower program. Everything that has been discussed here about public housing I

would like the Members to know is entirely valid and will be germane to what we act on tomorrow.

Mr. Chairman, I yield back the balance of my time.

The Clerk read as follows:

Land acquisition, National Capital park, parkway, and playground system: As a final appropriation under authority of the act of May 29, 1930 (46 Stat. 482), as amended, for necessary expenses for the National Capital Planning Commission for completing acquisition of land for the park, parkway, and playground system of the National Capital, to remain available until expended, \$545,000, of which (a) \$135,000 shall be available for the purposes of section 1 (a) of said act of May 29, 1930, (b) \$126,000 shall be available for the purposes of section 1 (b) thereof, and (c) \$284,000 shall be available for the purposes of section 4 thereof: *Provided*, That not exceeding \$26,450 of the funds available for land acquisition purposes shall be used during the current fiscal year for necessary expenses of the Commission (other than payments for land) in connection with land acquisition.

Mr. SMITH of Virginia. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SMITH of Virginia. Mr. Chairman, I desire to interpose a point of order to the language contained in line 17 on page 35: "as a final appropriation"; and on line 20 against the word "completing."

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. SMITH of Virginia. Mr. Chairman, this has to do with what is known as the Capper-Cramton Act, an act of Congress by which certain annual appropriations are authorized to be made by the Congress for the purpose of the acquisition of park lands, and so forth, in the District and its environs. It is a continuing act.

This appropriation bill undertakes by the language which I have cited to terminate or repeal the authorization for those appropriations because it says in line 17 that this shall be as a final appropriation when the law says it shall be a continuing authority; and on line 20 the word "completing" further ties down the repeal of the existing law.

The CHAIRMAN. Does the gentleman from California desire to be heard on the point of order?

Mr. PHILLIPS. The point of order, as I understand, is to strike out on line 17, the four words "as a final appropriation" and on line 20 the word "completing." Is that right?

The CHAIRMAN. Yes.

Mr. PHILLIPS. I will concede the point of order.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

#### SMALL BUSINESS ADMINISTRATION

Salaries and expenses: For necessary expenses, not otherwise provided for, of the Small Business Administration, including newspapers and periodicals (not exceeding \$500), expenses of attendance at meetings concerned with the purposes of this appropriation and hire of passenger motor ve-



hicles, \$2,025,000, together with not to exceed \$100,000 of the unobligated balance of funds appropriated for this purpose in the Supplemental Appropriation Act, 1954; and in addition, not to exceed \$1,650,000 may be transferred to this appropriation from the revolving fund, Small Business Administration, for administrative expenses in connection with activities financed under said fund.

#### SMALL BUSINESS ADMINISTRATION

Mr. PATMAN. Mr. Chairman, the Small Business Administration that was enacted into law in July 1953, to take the place of RFC and the Small Defense Plants Administration has been a great disappointment to date. Only about 17 loans have been disbursed in 8 or 9 months.

I am inserting herewith a table showing the distribution of approved loans by States, information about business-loan applications by regions and information about the regions prepared by the Small Business Administration. They are as follows:

Distribution of approved SBA loans by States as of Mar. 18, 1954

State	Number of approved loans	Value	Number of loans disbursed
Alabama	2	\$130,000	1
Arizona	3	137,500	0
Arkansas	2	250,000	0
California	12	849,000	3
Colorado	2	215,000	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	1	4,000	0
Georgia	10	439,500	0
Idaho	4	247,500	0
Illinois	3	85,000	0
Indiana	3	154,000	1
Iowa	0	0	0
Kansas	3	287,000	0
Kentucky	3	210,000	0
Louisiana	3	96,500	0
Maine	1	35,000	0
Maryland	2	160,000	1
Massachusetts	2	80,000	1
Michigan	4	218,000	1
Minnesota	3	145,000	0
Mississippi	4	405,000	1
Missouri	2	25,000	0
Montana	0	0	0
Nebraska	1	66,000	0
New Hampshire	0	0	0

Distribution of approved SBA loans by States as of Mar. 18, 1954—Continued

State	Number of approved loans	Value	Number of loans disbursed
New Jersey	4	\$345,000	1
New Mexico	0	0	0
New York	3	210,000	0
North Carolina	2	105,000	0
North Dakota	0	0	0
Ohio	3	125,000	0
Oklahoma	2	277,000	0
Oregon	5	350,000	0
Pennsylvania	4	203,000	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	2	82,000	1
Texas	8	673,900	2
Utah	1	8,000	2
Washington	12	645,000	2
West Virginia	2	100,000	0
Wisconsin	2	85,000	1
Wyoming	1	20,000	0
Territories:			
Puerto Rico	0	0	0
Hawaii	0	0	0
Alaska	1	20,000	0
Virgin Islands	0	0	0

Small Business Administration—Number and amount of business loan applications, by regions, cumulative through Mar. 18, 1954

[Dollar figures are in thousands]

Region 1	Received		Withdrawn		Declined		Loans approved		Pending end of period					
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Washington office		Regional office		Total	
									Number	Amount	Number	Amount	Number	Amount
I—Boston	14	\$917	—	—	4	\$425	3	\$115	2	\$57	5	\$315	7	\$372
II—New York	97	7,605	4	\$305	10	715	6	535	497	75	5,245	77	6,000	6,000
III—Philadelphia	59	4,161	2	128	17	1,381	4	168	141	7	530	29	1,954	2,484
IV—Richmond	35	2,604	—	—	11	883	6	365	328	8	509	10	768	1,277
V—Atlanta	150	7,563	5	122	24	1,122	19	1,055	778	21	753	81	4,468	5,221
VI—Cleveland	58	4,007	13	551	11	891	11	614	548	7	583	16	1,268	1,851
VII—Chicago	73	4,600	5	359	18	1,180	8	324	275	16	979	26	1,758	2,737
VIII—Minneapolis	52	2,019	2	18	8	400	3	145	109	7	196	32	1,260	1,456
IX—Kansas City	111	5,938	1	30	21	968	6	378	346	14	667	69	3,857	4,524
X—Dallas	130	7,333	4	161	38	1,579	15	1,197	1,035	23	1,477	50	2,810	4,287
XI—Denver	15	903	1	80	7	289	4	243	177	1	20	2	271	291
XII—San Francisco	38	3,350	3	230	7	649	1	150	150	3	385	24	1,936	2,321
XIII—Seattle	106	6,365	2	82	19	1,192	22	1,263	1,079	21	1,278	42	2,463	3,741
XIV—Los Angeles	104	7,123	11	806	17	951	14	837	813	10	946	52	3,471	4,417
Total	1,042	64,488	53	2,872	212	12,625	122	7,389	6,391	147	9,135	508	31,844	40,979

1 Region I (Boston): Maine, New Hampshire, Vermont, Rhode Island, Massachusetts, and Connecticut (except Fairfield County).

Region II (New York City): New York, northern New Jersey, and Fairfield County, Conn.

Region III (Philadelphia): Pennsylvania, Delaware, and southern New Jersey.

Region IV (Richmond): Virginia, District of Columbia, Maryland, West Virginia, and North Carolina.

Region V (Atlanta): Georgia, Alabama, Florida, Mississippi, South Carolina, Tennessee, Puerto Rico, and Virgin Islands.

Region VI (Cleveland): Ohio, Kentucky, and Michigan.

Region VII (Chicago): Illinois, Indiana, and Wisconsin.

Region VIII (Minneapolis): Minnesota, Montana, North Dakota, and South Dakota.

Region IX (Kansas City, Mo.): Missouri, Iowa, Kansas, and Nebraska.

Region X (Dallas): Texas, Arkansas, Louisiana, and Oklahoma.

Region XI (Denver): Colorado, New Mexico, Utah, and Wyoming.

Region XII (San Francisco): Northern California, Nevada (except Clark County), and Hawaii.

Region XIII (Seattle): Washington, Idaho, Oregon, and Alaska.

Region XIV (Los Angeles): Southern California, Clark County, Nev., and Arizona.

\* Direct, 160; participation, 52.

\* See the following:

Direct..... 48

Deferred..... 57

Immediate..... 17

\* Total gross amount approved reflects a reduction of \$622,682 from the amount requested.

Source: Office of Comptroller, Mar. 25, 1954.

assets. Right now they are being offered participation certificates in RFC securities and Commodity Credit Corporation securities; they are riskless. Bankers are like other people, they do what is best for the bankers and their banks. If they have plenty of riskless assets to give them a satisfactory return they are not too interested in taking up their valuable time discussing a small loan application.

As a boy when I joined my friends in the neighborhood on a hunt with dogs for coons, possums, or rabbits, we never fed our dogs before starting out on the hunt.

In the Dallas region, which includes the States of Texas, Arkansas, Louisiana, and Oklahoma, only two loans have been actually completed—that is disbursed. One of these was for \$100,000 and the other was for \$25,000. In the Dallas region 130 applications have been made. Evidently the applicants have spent a lot of money processing their applications, including traveling expenses, lawyer fees, and other necessary expenses.

Taking a quick look at the table of loans it appears that California and Washington applicants have been the most successful. An analysis of the

California situation discloses that although 12 applications were approved only 3 were completed—that is disbursed. The approvals amounted to \$849,000 but all three of the ones disbursed aggregated only \$249,000.

In Washington the 12 loans approved amounted to \$645,000 but the 2 actually disbursed amounted to \$10,000 on a direct loan and \$15,000 on a participation loan or \$25,000 in all.

It is my opinion that the administration is relying too much on bank cooperation. The banks are loaded down with Government bonds, Government guaranteed securities and other riskless

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very much interested in the Small Business Administration, particularly in the administration of the law. I would like to inquire of any one on the subcommittee if they can advise the Members what has been done by this Administration to date in making loans or in acting upon applications?

Mr. ANDREWS. I think the record shows that at the time the agency began making loans in October of last year until the 31st of December 1953, they made 38 loans.

Mr. YATES. I have a later figure I got from the Small Business Administration as late as March 18 of this year because I made particular inquiry at that time. As of that date only 18 loans of the 122 that had been approved had been disbursed—18 out of 122. That means for the whole year, however, they made 122 loans in the whole country.

Mr. McCORMACK. Involving how much?

Mr. YATES. Involving \$6,391,000, as I interpret the figures I got from the Committee on Small Business.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. PHILLIPS. The total amount appropriated for loans was \$55 million. Up to the date of the hearing the amount lent had been \$12 million. The date that the gentleman has is probably an earlier date.

Mr. YATES. This is March 18, 1954. This is much after the hearings.

Mr. PHILLIPS. We are using the budget figures.

Mr. YATES. I am using figures given to me by the Committee on Small Business of the House.

Mr. PHILLIPS. Maybe the gentleman is including money used for administrative expenses in connection with the lending of the money, but I did not think it was that much. I think more than \$6 million has been lent. The point the gentleman from Massachusetts is making is that in spite of the argument right here at the moment, not enough money has been loaned of the money we appropriated for that purpose to the Small Business Administration.

Mr. McCORMACK. That was my purpose.

Mr. PHILLIPS. We agree completely and say so in the report. We want the money spent in that Administration for the purpose for which the agency was created and not to send 97 people around the country telling businessmen how to conduct their business, but to give them the help that was intended by the act that should be given through the agency.

Mr. McCORMACK. I am glad to hear the gentleman from California make the statement he has, because certainly all of us want to have this Administration serve in the manner we intended when we created it.

YATES. I would like to point out to the gentleman that the table I have from the House Committee on Small Business shows that since the Small

Business Administration has been in existence, which is more than a year now, there have been 3 loans approved in the whole Boston area—just 3 loans. I think there are more business enterprises in the city of Boston that need the help of the Small Business Administration.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Colorado.

Mr. HILL. I think we should keep in mind that the Small Business Committee of the House, of which I happen to be chairman, learned that they did not start their lending program until October. They had not even the force to go out in the field and service the loans that were applied for. So we have had quite a little difficulty in getting the loan organization started. They are coming along better now and have some one hundred or more loans in the course of being processed.

Mr. McCORMACK. As chairman of the Small Business Committee, is the gentleman satisfied with the way in which this particular Administration has proceeded?

Mr. HILL. Well, I think we should say this in defense of the Administrator. We are not satisfied because we changed Administrators, and for a long time we limped along with an Acting Administrator. It is a big task to set up these loan organizations in 48 States. Where we happen to have administrators who developed an organization, we have been able to function, but in some States no loans have been approved at all, most of the reasons being because they have not processed the loans.

Mr. McCORMACK. I assume the gentleman's committee is watching the situation very closely and that you expect improvement. Is that correct?

Mr. HILL. That is correct. On your side, too, I will say the gentleman from Illinois [Mr. YATES], is a valuable member of that committee. There are no more valuable members than you have on your side. They are all good men, and we are trying our best and we hope to make something out of this Small Business Administration before very long.

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Alabama.

Mr. RAINS. The gentleman from Massachusetts will remember that at the time this bill was passed only a puny amount of \$55 million was put in, and an effort was made to increase that amount to \$200 million, and our friends defeated us. I should like to say this: When you say only three loans were made in the Boston area, only about that number have been made in the entire State of Alabama, yet during the month of December I had more than 10 times as many requests for small-business loans as I ever had under RFC.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. YATES. Up to last October—and I think this should be stated in justification for the chairman of the Small Busi-

ness Committee, the gentleman from Colorado [Mr. HILL], who is doing a very fine job, that under the policy established by the Secretary of the Treasury Humphrey, by Secretary of Commerce Weeks, and by the Administrator, there was a real deterrent, in fact, a prohibition, against making any loans by the Small Business Administration to any business that was not engaged in a defense activity. As a result, there were no loans approved up to that time. Now it is starting to loosen up a little.

Mr. McCORMACK. My understanding is that the administrative expenses have been greater than the loans already made.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to advise the committee that in my district loans have been pending in excess of 4 months, and they are apparently no nearer getting loans than they were when they first applied 4 months ago.

Mr. McCORMACK. I hope out of this colloquy that those in charge of the Small Business Administration will benefit; I am sure they will, and that there will be a speed-up in passing upon applications that are made in the future.

The Clerk read as follows:

#### SMITHSONIAN INSTITUTION

Salaries and expenses, Smithsonian Institution: For all necessary expenses for the preservation, exhibition, and increase of collections from the surveying and exploring expeditions of the Government and from other sources; for the system of international exchanges between the United States and foreign countries; for anthropological researches among the American Indians and the natives of lands under the jurisdiction or protection of the United States, independently or in cooperation with State, educational, and scientific organizations in the United States, and the excavation and preservation of archeological remains; for maintenance of the Astrophysical Observatory and making necessary observations in high altitudes; for the administration of the National Collection of Fine Arts; for the administration, construction, and maintenance of laboratory and other facilities on Barro Colorado Island, Canal Zone, under the provisions of the act of July 2, 1940, as amended by the provisions of Reorganization Plan No. 3 of 1946; for the maintenance and administration of a national air museum as authorized by the act of August 12, 1946 (20 U. S. C. 77); including not to exceed \$35,000 for services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a); not to exceed \$15,225 for expenses of travel; purchase, repair, and cleaning of uniforms for guards and elevator conductors; repairs and alterations of buildings and approaches; and preparation of manuscripts, drawings, and illustrations for publications; \$3,000,000.

Mr. SCHENCK. Mr. Chairman, I move to strike out the the last word.

Mr. Chairman, I do this for the purpose of inquiring of the chairman of the subcommittee about the Smithsonian Institution and other governmental institutions. I notice, beginning on page 174 of the hearings, there was considerable testimony regarding the possibility of charging admission to such places as the Smithsonian Institution. I wonder if any serious consideration was given to that.



Mr. PHILLIPS. Mr. Chairman, if the gentleman will yield; yes, serious consideration was given, and only because of the conditions surrounding it. No mandatory recommendations were made. The matter was referred to the Smithsonian Institution for investigation and for this reason: that the Smithsonian Institution has one of the finest collections in the United States, and among them, for example, are the original airplanes which many of the pioneers developed and built. Now, those are presently in a museum or hangar loaned to the Smithsonian by the Air Force in Chicago. The Air Force has been endeavoring to get the Smithsonian out of this warehouse, or this place where the collection is housed. In fact, they served notice upon them. The Army and the Navy are always very glad to give space to the historic possessions of these two services. We suggested an admission charge of perhaps a dime, something like that, with free admission to school children, thinking that that would produce a very large amount of money and might be sufficient to finance the construction of a building if the Air Force is going to move us out of the building where the collection is now housed.

Mr. SCHENCK. Mr. Chairman, I should like to say that the airplane of the Wright brothers was first built in Dayton, Ohio, which is part of my congressional district. I should most seriously object to making a side show of our governmental buildings. I think it would be a bad situation if high-school children or adults had to pay to go into their governmental buildings.

Mr. PHILLIPS. If the gentleman will yield briefly, the question is whether we want these valuable exhibits, such as the airplane to which the gentleman referred, housed properly, or whether we want them exhibited in some open space. Secondly, I should not think the gentleman would object to a very nominal fee such as the Park Service charges, which enables that agency to give additional service to the people who use the parks.

Mr. SCHENCK. May I say to the gentleman from California [Mr. PHILLIPS], Mr. Chairman, that I think this Government of ours is big enough and these airplanes and other exhibits are important enough that we should be able to find a place where they might be kept and where they might be viewed. Certainly I object to our making a side show of these buildings and I object to such fees even being contemplated.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including purchase (not to exceed 1) and hire, maintenance, and operation of aircraft, and purchase (not to exceed 100 for replacement only) and hire of passenger motor vehicles, \$103,582,000, to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations: *Provided*, That no funds appropriated for the Tennessee Valley Authority by this paragraph shall be used for the maintenance or operation of any

aircraft for passenger service that is not specifically confined to the active operation of the official business of the Tennessee Valley Authority by officers or employees of such Authority, and not to exceed \$673,000 (exclusive of travel for work in connection with the construction of transmission lines, dams, and steam plants) of funds available to the Tennessee Valley Authority shall be used for expenses of travel: *Provided further*, That no part of funds available for expenditure by this agency shall be used, directly or indirectly, to acquire a building for use as an administrative office of the Tennessee Valley Authority unless and until the Director of the Bureau of the Budget, following a study of the advisability of the proposed acquisition, shall advise the committees on appropriations of the Senate and the House of Representatives and the Tennessee Valley Authority that the acquisition has his approval: *Provided further*, That there shall be available for resource development activities pursuant to the Tennessee Valley Authority Act of 1933, as amended, not to exceed \$600,000 to be derived from proceeds of operations of the Tennessee Valley Authority: *Provided further*, That hereafter the board of directors of the Tennessee Valley Authority shall pay each year to miscellaneous receipts of the Treasury from power revenues interest on the amounts invested by the Authority in power-facility properties, including construction in progress, from appropriations heretofore and hereafter made to the Authority and on amounts equal to the book value at the time of the transfer of power-facility properties obtained from other Federal agencies without reimbursement by the Authority, less amounts of capital returned to the Treasury from such revenues. The rate of interest shall be equal to the average rate of interest paid by the Treasury of the United States, during the prior fiscal year, on the public debt: *Provided further*, That no limitation shall be placed by the Tennessee Valley Authority on resale rates of power fixed by local distributors.

Mr. ANDREWS. Mr. Chairman, I make the point of order against the language appearing on page 43, line 25, after the colon, and all the language in the paragraph on page 44 on the ground that it proposes legislation in a general appropriation bill.

Mr. PHILLIPS. Mr. Chairman, we concede the point of order.

Mr. SUTTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SUTTON. Does that include the first proviso also on line 21, as well as the proviso at the bottom of page 43, line 25?

Mr. PHILLIPS. Mr. Chairman, that does not.

The CHAIRMAN. The Chair sustains the point of order.

Mr. PHILLIPS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS. The language on that page in lines 21 to 24 was not included, is that correct?

The CHAIRMAN. That was not included according to the understanding of the Chair.

Mr. COOPER. Mr. Chairman, the language to which the point of order was made begins after the colon in line 25 on page 43 and covers the rest of the paragraph relating to the Tennessee Valley Authority.

The CHAIRMAN. That is a correct statement. The point of order was conceded.

Mr. COOPER. And the Chair has sustained the point of order made by the gentleman from Alabama [Mr. ANDREWS].

The CHAIRMAN. That is correct. Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The Clerk read the amendment as follows:

Amendment offered by Mr. ANDREWS: On page 42, line 25, after the word "vehicles" strike out "\$103,582,000" and insert "\$188,358,000."

Mr. ANDREWS. Mr. Chairman, this amendment would increase the appropriation for the Tennessee Valley Authority \$85 million. That is the amount of money the TVA officials requested of the Budget Bureau for the construction of 8 new steam units during fiscal 1955. The reason for the need for those steam units is the fact that in 1957 the supply of power by TVA will be equal to if not less than the demand for power.

We have had a lot of argument here yesterday and today about TVA. In my opinion, that argument is about 20 or 23 years too late. The truth of the matter is that we have with us today a great utility owned by the Government of the United States known as the Tennessee Valley Authority. That utility is charged with the duty of supplying to the people in the area served by that utility all the power they need.

What are the facts about the needs for public power in the TVA area in 1957? Mr. Clapp, the Administrator, told our committee, as appears on page 2456 of the hearings, that in 1957 the system will be capable of supplying 9,483,000 kilowatts, and that the demand in 1957, the normal demand to be expected in any section of America, will be 9,500,000 kilowatts. The deficit will be 17,000 kilowatts.

As a matter of fact, according to all the rules of good business that apply in the field of power utilities, they should have a surplus of a minimum of 10 percent. If that be true, then TVA should have 900,000 more kilowatts in 1957 than the record shows they will have. TVA is a utility, just as much so as the Alabama Power Co. or the American Gas & Electric Service. As was brought out yesterday, it is the only power-producing utility serving that great area of our country.

What do other utilities say about anticipating the demand that will be made on their systems? We had before our committee Mr. Graham Claytor, president of the American Gas & Electric Service Co. As appears on page 2885, he made the statement that their present capacity is 3.6 million and their present demand is 2.9 million, giving them a margin over and above their demand of 700,000 kilowatts. I asked Mr. Claytor this question, "When do you anticipate that your normal demand without any demand from TVA will catch up with or be equal to your present capacity?"

This is what Mr. Claytor said: "We think if we are smart we will never reach that point."

My question then was, "You want to keep a margin?"

He said, "Always."

My next question was, "What margin do you think is reasonably safe?"

He said, "With a system as large as ours we want not less than 10 percent. We would like to have 15 percent."

That is smart business, and it is a business policy that is practiced by private utilities. If we deny TVA the right to anticipate and prepare for their needs in the future, TVA will not be able to follow that good business practice.

(On request of Mr. MURRAY, and by unanimous consent, Mr. ANDREWS was allowed to proceed for 5 additional minutes.)

Mr. ANDREWS. Mr. Chairman, we had another witness who is a good, smart businessman, who is president of another private utility company, Mr. Wilson, of the Mississippi Light & Power Co. Here is what he said. He said, "Of course, we continually make studies of demands and requirements so as to keep well ahead of the demands." My question to him was, "Do you try to keep 10 percent ahead?" His answer, "At least—and more."

That is the situation that confronts TVA, and as of today there is no crying need for additional power, but every witness who appeared before the committee stated that in the year 1957 there will be a tremendous lack of power in that section. If TVA follows good, sound business practices that private utilities follow, they will need more than they ask of the budget and more than my amendment asks for.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS. I yield.

Mr. PRIEST. At the time the statements were made to the subcommittee, the Atomic Energy Commission had not requested the 200,000 additional kilowatt-hours of electricity; is that not true?

Mr. ANDREWS. That is right.

Mr. PRIEST. But they did make that request subsequently?

Mr. ANDREWS. My information is that they made that request. It was brought out yesterday and it is in the RECORD. As of today, the Government agencies take from TVA production 35 percent of the total, and by the fall of this year the take by Government agencies from TVA will be 50 percent of their total output. I was amazed when told that the amount of power that the TVA furnishes to the Atomic Energy Commission at Oak Ridge alone today is more than all the power used in the great State of Texas in 1952.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS. I yield.

Mr. JONES of Alabama. What has been the accuracy of the TVA as to anticipating their electricity needs year by year?

Mr. ANDREWS. It has been most accurate. As a matter of fact, there has been a demand for their power almost equal to the supply since the time that they first began to generate power. As I said a few moments ago, we have the TVA and it is a utility just as much so

in any sense in any way that you take it, as any privately owned utility in America. We had some expert witnesses on the question of power before our committee. I think one of the most interesting and dynamic witnesses that I have ever seen in my life was Mr. Hamilton Moses who appeared before our committee. He is the president of the Arkansas Light & Power Co. Let me tell you what he told our committee about the TVA. This is our utility. It is the utility of the Federal Government and we, as Members of Congress, figuratively speaking, are the board of directors of that utility. Here is what Mr. Moses said about TVA:

First, I want to say that we are not here fighting TVA or opposing it as a system. It is in operation. It is already there. It is of age. We have all got to live with it. It has good management. Our connections and our contacts with them have been satisfactory.

Then the gentleman from Texas [Mr. THOMAS] asked Mr. Moses this question: "What about the construction of plants? Did I hear you say the TVA can build them as cheaply as you can?"

And Mr. Moses said, "Yes, sir; they can." What do we have here today? We have a utility created by this Congress and charged with the duty of furnishing power to one whole State and many counties of two other States.

Mr. COOPER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had an amendment prepared to accomplish the same purpose as the amendment offered by the gentleman from Alabama [Mr. ANDREWS]. He being a member of the Appropriations Committee and a member of this subcommittee in charge of the bill, was naturally entitled to priority of recognition, and I am delighted to rise in support of the amendment offered by him.

The amendment now pending will provide \$85 million for 8 new units, as requested by the Tennessee Valley Authority. Two of those units will be at Fulton, Tenn.; 1 at Gallatin, Tenn.; 4 at New Johnsonville, Tenn.; and 1 at John Sevier, Tenn.; the last one being in the district of my colleague the gentleman from Tennessee [Mr. REEGL].

The record clearly shows that this additional capacity is needed in the TVA area. I would like to invite attention to the fact that 20 years ago last year the Congress created the TVA, and the production of power for the use of the people was one of the major tasks assigned to this great agency of regional resource development.

TVA has been of untold benefit to the region and to the Nation. Today, by act of Congress, the law of the land, it has become the sole supplier of electricity in an area of 80,000 square miles. Five million people depend upon it for all the energy they use in their homes, on their farms, and in their business enterprises. This year TVA requested of the Bureau of the Budget this amount of \$85 million to provide for these 8 new units.

Two of the new units recommended are scheduled to be located at a new plant to be built at what is known as the Fulton site 30 miles north of Memphis, Tenn., in Lauderdale County, a part of the eighth district which I have the

honor to represent. It takes 3 years to build a modern steam plant of the kind TVA plans to construct at the Fulton site. If the appropriation of \$30 million for the Fulton plant is granted now, the first unit of 225,000 kilowatts will be placed in service in the fall of 1957.

As we all know, the TVA power system is operated as a whole. No plant is a captive of any individual community, but this plant is proposed for location near Memphis and in west Tennessee because the increasing requirements of that area can be most economically served if additional capacity is provided here. At peak loads west Tennessee now uses about 450,000 kilowatts of capacity. By the winter of 1956-57 it is estimated that west Tennessee loads will have grown to 700,000 kilowatts and to almost 900,000 by the winter of 1958-59. In Memphis alone electricity consumption is expected to rise to 2.5 billion kilowatt-hours by 1956. To get an idea of what this quantity means, let me point out that this figure for Memphis is 80 percent of the total amount of electricity produced during 1952 by all the utilities—both privately and publicly owned in our neighboring State of Arkansas, just across the river from Memphis.

Today the major load centers in the west Tennessee area are being served from generating plants located from a hundred to two hundred miles away. Power comes into our area over transmission lines from the various TVA hydroplants along the Tennessee River and from the steamplant at Johnsonville. The existing lines are inadequate to take care of the larger loads that are certain to develop in the next few years. TVA had two alternatives for meeting west Tennessee's future power requirements. One, to add to generating capacity of steamplants already under construction, then to build additional transmission lines from those distant plants to the Memphis area; or to start a new steamplant in the west Tennessee area, thereby reducing transmission costs and transmission power losses. This is the method selected by TVA engineers after a thorough study of all factors. This is the prudent, efficient way for TVA to add to the total generating capacity available on its system.

Let no one be fooled by the suggestion I have heard that TVA estimates of load growth in west Tennessee are overoptimistic and that experts from outside the region believe the Fulton plant is not required. In west Tennessee the number of electrified farms has increased more than 4 times in the past 7 years, from 15,000 farms in 1945 to more than 63,000 farms today. About 90 percent of our farms are equipped to take electric service now; their loads are growing. Those of us who live in the region know the facts. We know that on this question the management of TVA is expert. Let me remind you that in 20 years of experience TVA has not so far built one kilowatt of excess capacity, in spite of the fact that every year the private utility experts thought differently. We had experience in Tennessee with the experts of the private power companies. We want no more of their forecasts. They thought 800,000 kilowatts in capacity was



enough for the whole area now served by TVA. They thought only 3 percent of the farms deserved electric service. They thought we would never see the industrial growth which TVA has made possible.

The economic growth of this region is dependent upon an increase in the power capacity available from TVA. The Fulton plant is needed to guarantee efficient and economic management of the TVA power system. We have had efficient and economic management so far. Let it not be said that with 1954 good power system management is to be abandoned.

So I urge the adoption of the pending amendment.

Mr. EVINS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. EVINS. Mr. Chairman, all friends of the TVA and friends of public power should support the amendment of the gentleman from Alabama [Mr. ANDREWS].

The amendment under consideration proposes to restore to the TVA budget \$85 million for beginning construction of eight additional steam-generating units—badly needed by the facility to supply future power needs of the area—for normal growth and demands and for national defense.

I for one cannot see why anyone would want to vote to cripple and impede the normal growth of a great section of our country and take a chance on impairing the national defense and security of our country.

And yet there are those who will do just this when they fail to support the pending Andrews amendment.

This additional power is needed. It is greatly needed. A case has been fully made out—both before the Budget Bureau and the Committee on Appropriations that considered the TVA request.

The estimates of the best experts and authorities are all that during the next 3 years some additional 600,000 kilowatts of power will be needed and required by the Atomic Energy Commission at Paducah, Ky., and 200,000 additional kilowatts at the Oak Ridge plant has been recently requested.

All agree that these additional power requirements will be called for by the national defense.

Yet by some devious device the enemies of TVA and the private power lobby have attempted to hatch up a scheme to temporarily, at least, deny to the TVA the funds vitally necessary to build the steam generating units which the area requires and which the national defense requires.

This effort at crippling TVA is not a new one. It is a recurring fight.

Mr. Chairman, it has not been the expectation of any of us, following the President's own display of casualness toward TVA, that the great Appropriations Committee would deal generously and adequately with this agency in fiscal matters.

We Members of Congress who are certainly accustomed to an annual fight

to get a fair hearing for the TVA had not been under any delusion in the matter.

We expected the fight to be more demanding this year than in any year since the TVA was created. And the reason is simple.

For the first time since TVA was built into one of the greatest economic boons this country has ever known, the private power lobby is riding the crest of the wave and, in a congenial atmosphere, is dispensing its propaganda under the most favorable conditions possible.

So what have we been given to consider this year? We have been handed a bill which reduces the appropriation for the TVA to its lowest level.

The bill, in effect, directs that we, the Congress of the United States, increase the power bill of the people of the TVA region of the country by a minimum of approximately \$30 million a year. This is what the enemies of TVA are proposing in recommending an interest rate charge on TVA power funds.

We are being asked also to surrender all thoughts of future economic expansion and progress—to stop all proposed expansion dead in its tracks.

The committee is directing that we give TVA a tin cup with which it may seek the generosity of the Congress in the future. We are being asked to sanction a virtual dimout of the great TVA region within 3 years.

But more important, Mr. Chairman, we are experiencing something new and something far more critical than a higher electric bill or a dimout of private power requirements.

The present cut in appropriations for TVA suggests that we fiddle around and equivocate with our atomic energy program and our national security.

Mr. Chairman, this attitude of hostility to the TVA as an agency of our Government is evidenced in many directions.

Not only has the administration and the Appropriations Committee drastically cut the operating budget of the TVA, but the recommendation is made that the corporate funds be reduced and TVA operations financed from any source other than appropriations.

The committee has recommended a cut of \$12 million for transmission facilities.

Essential improvements and future projects have been reduced \$277,000.

Funds have been denied for necessary equipment, transportation facilities, and other general operations.

All of these represent reductions from appropriation-financed to corporate-financed budget.

The committee, also, has demonstrated its hostility to TVA by failing to provide the needed and recommended \$600,000 for resources development program.

The committee has further recommended a decrease of \$25 million in the reserve fund of the TVA. In other words—deny one need, transfer another function, reduce the corporate and reserve funds—the net effect of which is to cripple and weaken the great strength and structure of the TVA by the general process of sniping at its various functions

and financial structure—killing by strangulation.

Aside from the greatly reduced appropriations, the committee has recommended two legislative provisions which are clearly irregular and out of order under the rules of the House as legislation in an appropriations bill.

I refer, of course, to the provision requiring the payment of interest on appropriated funds for power purposes of the TVA—and the provision relating to the limitation on resale rates of TVA power sold by local distributors.

Fortunately, both of these proposals have been ruled as out of order by a fair Speaker, Speaker MARTIN.

Nevertheless, the effort demonstrates the extent to which the enemies of TVA and the private power interests will go in their desire and unrelenting efforts to kill TVA, a truly great and successful agency of our Government—operating in the public interest and providing the national defense needs of our country.

Let us beat back these reactionary efforts.

The Andrews amendment under consideration would restore to the TVA budget the \$85 million requested to begin the construction of essential generating units that have been requested and here enumerated.

If there are those who are prejudiced against TVA, I appeal to you not to permit your prejudice to extend to the national defense and security of our country.

All the evidence clearly demonstrates that approximately 50 percent of the power production of TVA is needed for national defense purposes.

In no other region of the country is as great a proportion of the total power supply being devoted to the national defense.

In the 5-year period beginning with 1951 and ending with 1956, the defense requirements of Federal agencies supplied by the TVA will increase from about 400,000 kilowatts to 3,400,000 kilowatts.

The use of electricity by these agencies which increased from 2,800,000,000 kilowatt-hours in 1951 to 7 billion in 1953, will reach 28½ billion kilowatt-hours in 1956.

By that time about one-third of the total system demand and nearly one-half of all the energy generated by the system will be delivered to Federal agencies, primarily for atomic energy plants.

The great bulk of this additional power need is for national defense purposes.

The pending amendment would insure that the national defense requirements of TVA for power will be met.

The request for funds for beginning construction of these essential steam-generating units has repeatedly been made and, as indicated, a case in justification has been fully made out.

I sincerely and strongly urge that the \$85 million requested in the pending Andrews amendment be given your support.

Mr. DAVIS of Tennessee. Mr. Chairman, at one of his press conferences last month the President was asked to comment on reports that the TVA power

system would be crippled and the region's progress threatened because of the administration's failure to request funds in the fiscal 1955 budget to begin the construction of new power facilities. The President was reported to have responded by remarking that he knew no reason why the city of Memphis, if it wanted to, could not do something about this matter itself. The President has been quoted as asking similar questions on other occasions. As the Representative in Congress of Memphis and Shelby County, I feel that it is my duty to answer this question, which appears to be so much on the President's mind, and to answer it on the floor of the House where sooner or later every problem involving grave issues of national policy must be resolved.

Although the President's question as quoted was directed at a single municipality, the issue is larger than that. The issue involves directly the very existence of TVA and indirectly the whole question of the freedom of the people of this country to secure the benefit of their own resources and to have a voice as to the way in which those resources are to be used and developed.

The insistent repetition of the question indicates a disturbing change in the attitude of the President. In October of 1952, Candidate Eisenhower, in the heat of the election campaign, honored Memphis with a brief visit. Of all the issues on which he might have spoken while in Memphis, the people were most interested in his views on TVA, which is one of the principal foundations of the prosperity of our area. Candidate Eisenhower favored us with a most reassuring statement. Here is what he said in part:

In this region, I know you are deeply interested in the Tennessee Valley Authority, and in the part it has played in the improvement of the agriculture and commerce of this area. TVA has served rural areas well and has created many new industries in this section. It has helped conserve natural resources, control floods, and promote national defense. Certainly there would be no disposition on my part to impair the effective working out of TVA. It is a great experiment in resource development and flood control for this area.

The statement was a little vague, and his supporters in Tennessee therefore urged him to be more explicit, and, accordingly, on October 23, 1952, the President sent a telegram to John Jennings, Jr. In that telegram to Mr. Jennings, the President said:

In my talks last week in those cities—

Memphis and Knoxville—

I made very clear my regard for the TVA and my wish for its effective working out. If stories are being circulated to the contrary, they are pure political propaganda without basis of fact. The use of TVA power by farmers, dairymen, housewives, small-business men, schools, churches, and industry, large and small, in the region is proof of its strong support by the people. It is our conviction that river-basin developments should be worked out in the way the people of the region want it done.

In other parts of the country the citizens may think some program of river-basin development differing in pattern from the TVA is more suited to their needs and wishes. In those cases these views should have earnest consideration. The Government should never dictate to the people, but should offer as a

partner to work out regional problems in the way the people of the region want it done.

These words seemed to say that if the people of the Tennessee Valley wanted to continue their partnership with TVA on the same basis as in the past, Mr. Eisenhower heartily approved. But the question was so important to the people of our area that there were skeptics, and it was apparent to the supporters of Mr. Eisenhower that he could not carry the State if he failed to remove all doubt that he was fully and definitely committed to the continued role of TVA in supplying the valley's power needs. The editors of two of the Scripps-Howard papers in Tennessee, militant supporters of Eisenhower, thereupon urgently pleaded with him, if he wished to carry the State, to make his position on TVA so clear that it could not be misunderstood. On November 2, 1952, almost the eve of the election, Mr. Eisenhower responded with a telegram to the editors of these two papers, in which he was more explicit than ever before. Here is what he said:

If I am elected President, TVA will be operated and maintained at maximum efficiency. I have a keen appreciation of what it has done and what it will be able to continue to do in the future. Under the new administration TVA will continue to serve and promote the prosperity of this great section of the United States.

That did the trick. I do not know whether that telegram helped Mr. Eisenhower carry any other States, but certainly it was responsible for his victory in Tennessee 2 days later by a margin of 2,600 votes out of a total of approximately 900,000 votes cast.

That telegram 2 days before the election was the last kind word the President has had to say about TVA. Now his budget requests for the second consecutive year of his administration have denied TVA the funds it needs for the added capacity required to permit it to operate at maximum efficiency. Now he says, "Why cannot Memphis build its own plant?"

Now I want at this time to answer his question. I should like to answer it in a way which will be persuasive to you, and I hope it might be convincing to the President if by any chance my words should come to his attention.

As it happens this is a matter of which I have some personal knowledge. I was a member of the city commission of Memphis and vice mayor from 1928 through 1940, and participated in the investigations, discussions, and decisions which led Memphis to the determination to acquire and operate its own electric system and to join the partnership between TVA and the various communities of the Tennessee Valley region for the improvement of the communities in our area through a low-cost public-power program and thus to become one of the 146 distributors of TVA power. I can well remember when in 1934 the city commission decided to put the question of acquiring its own local electrical system for the distribution of TVA power to the citizens of Memphis, and the overwhelming vote of approval given by the citizens of our city. That was almost 20 years ago, on November 6, 1934, when 32,735 voters cast their ballots in favor

of the proposal, and less than 1,900 voted against it. Even then we recognized how important this decision was to the future of our city. One of our downtown streets was named November 6 Street in honor of the occasion, and that name has been preserved to this day.

I also took part in the negotiations which led to the purchase of the electric-distribution properties of the Memphis Power & Light Co. by the city, and I have seen that system as it has grown and prospered since that time. I shall not take the time to give you the details of the growth of the Memphis electric system or of the way it has contributed to the progress and welfare of the city. The general story is already familiar to many of you, if not in connection with Memphis then perhaps in connection with one of the other 146 municipalities and cooperatives which serve the 1,350,000 people of the Tennessee Valley area. In Memphis the power system's assets have quadrupled while its debt has been cut in half. The power demand has grown manyfold in the 16-year life of the Memphis municipal system. Electricity is used with a generosity we never before believed possible. Industry has flourished. Savings to consumers in their power bills have kept millions of dollars a year of purchasing power in Memphis that in earlier years was siphoned off by the power company.

That is what we mean by operating at maximum efficiency. The city has done a better job of distributing power within the city as well as the outlying rural areas than the private power companies ever did in serving Memphis. TVA has done a better job in generating and transmitting power. It does a better job than Memphis can do. Its costs are lower. Under modern conditions, power generation can no longer be conducted on the basis of small and isolated plants. That is not maximum efficiency. That is wasteful and costly. Distribution systems can achieve maximum efficiency when they are locally owned and managed, but for any local system to survive it must have available a wholesale source of supply at reasonable cost. This division of function is the basis of our partnership with TVA, a partnership in which the distributors of TVA power have now invested over \$400 million. It is this partnership which makes maximum efficiency possible.

TVA is the Nation's most efficient power producer. There is no doubt about it. TVA power is not the cheapest power in the country by any means. Power on the Columbia is cheaper, and perhaps on the Niagara, because of the advantages bestowed by nature. Anyone should be able to produce power cheaply under such conditions. But TVA stands for making the most of our energy resources. There are reasonably favorable natural conditions in the Tennessee Valley. TVA operates in an area where there are good power sites, both hydro and steam, with plenty of water for condensing purposes for steam plants and where cheap barge transportation for coal is available. In or near parts of its area there is an abundant supply of relatively low-cost coal, and the combined hydro and steam system provides



a most efficient basis for power supply. Is Memphis to be denied the advantage of that combination? The TVA system is a large system with all the economies which size provides. Is Memphis to be cut off from the benefits of those economies? The generating units which TVA installs are the largest and most efficient which modern technology makes available. Must Memphis go to smaller and inefficient units with capital invested in standby enough to give security? The TVA serves a region large enough to take advantage of diversity in peak loads, to locate its steam plants where fuel is cheap, to keep costs down at every point. A network of transmission lines shifts loads from one generating plant to another to take advantage of the lowest cost generation at any time. That is what is meant by maximum efficiency.

Because TVA's rates are relatively low, the utilities cry, "subsidy, subsidy," but there is no subsidy, and the private utilities know it. TVA has earned 4 percent on its total power investment as an average through all the years of its existence including the lean early years when it was hamstrung in the courts. This return of 4 percent is net after straight-line depreciation allowances which will return the full investment in depreciable facilities during the period they are used. Now the Government's cost of borrowed money on its marketable securities—I do not include the bonds held by the Civil Service Retirement System and similar bonds which have arbitrary rates of interest—has averaged less than 2 percent in this period, and even during the year 1953, when interest rates were at a long-time peak, the cost of money to the Government averaged only 2.17 percent. Where is the subsidy? There is none.

TVA's rates are low because its costs are low. Its rates support no high-priced executives, no radio programs to divert and bamboozle the public mind, no double-page spreads in the national magazines to try to substitute slogans and scarewords like socialism for sober thinking. None of the money paid to TVA goes for political lawyers or so-called public opinion surveys which are intended more to influence opinion than to test it. TVA power is cheap because TVA makes the most effective use of the region's abundant water and energy resources. That is what maximum efficiency means.

Perhaps Memphis should be honored that the President has singled it out for special attention, but here, too, it is apparent that he has been placed in serious misapprehension as to the facts. Evidently he has been led to think that the steam plant which TVA proposed to build on the Fulton site on the Mississippi River is intended solely for the purpose of serving Memphis. This is not the case. The Fulton site is 40 miles from Memphis and its purpose is to serve the expanding loads in the whole western part of the TVA area where 30 to 40 distributors of TVA power are operated. The site was chosen, as are all TVA sites, having in mind the most economical integration with the entire TVA system.

The Fulton plant would no more be a Memphis steam plant than a Jackson, Tenn., steam plant or a Tupelo, Miss., steam plant. It would be a TVA steam plant.

I think I know why Memphis has been selected for comment. The Secretary of the Interior let the cat out of the bag in the interview published in the U. S. News & World Report for October 9, 1953. He said in that interview that the way to call a halt to TVA expansion was for the private utilities to move in on the fringe area. He said that private enterprise will not go into the middle of Tennessee. It could not compete. It could move in on the fringe area. Now Memphis is on the western end of the TVA service area. It is a fringe area.

What do you suppose would happen if Memphis did build its own steam plant and it were forced to rely upon a costly independent single plant. I can tell you what would happen. Next would come Mayfield and Murray, in Kentucky, Union City and Jackson in Tennessee, Holly Springs, Corinth, Tupelo and New Albany in Mississippi, Bristol, Elizabethton, Johnson City and Erwin, Tenn., Cullman and Albertville, Ala. The private utilities have no concern about the Government's investment. There can be no end to this process but the complete destruction of the finest institution which Congress has created. Memphis will not lend itself to this campaign.

We know what maximum efficiency in power system management is. We will fight not only for ourselves, but for the villages, the small towns, and the rural cooperatives which would be disastrously affected.

Mr. PHILLIPS. Mr. Chairman, I rise in opposition to the amendment.

Before speaking upon the amendment, I desire to submit a unanimous-consent request that all debate upon the Tennessee Valley Administration be limited to 20 minutes, 5 to be given to the gentleman from Tennessee [Mr. BAKER] because he has an amendment; 5 minutes to the gentleman from North Carolina [Mr. JONAS], to reply; 5 minutes to reply now to the gentleman from Alabama.

Mr. Chairman, I have always thought that the man who first conceived the procedure of extending remarks was one of the greatest benefactors of mankind. Observing my many friends who spoke yesterday on this same subject, who are again standing, I wonder if we could not do honor to that benefactor tonight?

Mr. SUTTON. Mr. Chairman, I object.

Mr. COOPER. Mr. Chairman, reserving the right to object, I have an amendment I want to offer. I worked practically all day yesterday as a conferee on the excise-tax bill.

Mr. PHILLIPS. I was not aware of that. I modify my request to include 5 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. And the gentleman from Tennessee [Mr. REECE] has an amendment.

Mr. REECE of Tennessee. I have an amendment I wish to offer.

Mr. PHILLIPS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GRAHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8583) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1955, and for other purposes, had come to no resolution thereon.

Mr. CHATHAM. Mr. Speaker, I ask unanimous consent to extend my remarks following those of the gentleman from Wisconsin [Mr. JOHNSON] on the matter of the parity-price formula for dairy products.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8224) entitled "An act to reduce excise taxes, and for other purposes."

#### INTERNATIONAL CONTROL OF HYDROGEN AND ATOMIC WEAPONS

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, on Saturday, March 27, I was privileged and honored to participate in the series of weekly broadcasts sponsored as a public service by radio station WEEI at Boston, the WEEI Report From Washington.

This weekly program is conducted for WEEI by the able and well known CBS radio reporter in Washington, Ron Cochran, who took over this assignment for WEEI in April of last year when this special series of broadcasts from Washington was inaugurated by WEEI. Report From Washington feature exclusive informal interviews with members of the Massachusetts delegation in Congress. WEEI developed these programs so that Members of Congress from the commonwealth could keep their constituents back home informed of their views and activities on the Washington scene.

Mr. Cochran tells me that the cooperation of the Massachusetts delegation has been excellent. In addition, a recent letter I have from Mr. Harvey Struthers, general manager of WEEI, indicates that the series has received very favorable listener response.

This series of Washington reports amply illustrates the splendid public service tradition which has marked and has been a keynote of WEEI operations in Boston for many years.

In Saturday's discussion with Mr. Cochran, I talked about the recent explosion of the hydrogen bomb in the

Marshall Islands and expressed the view that the hydrogen bomb, which is so terrible, so devastating, so awful in its effect, will probably never be used in warfare.

Since we now have a temporary bargaining advantage at the council tables because of our leadership in the development of the hydrogen bomb, I hope that we will follow it up with renewed discussions on international control of these great destructive weapons. Let us not wait until the Russians catch up to us in the implementation of this terrible weapon, just as we did in the case of the A-bomb. The negotiations bogged down that time because the Russians would not permit inspection inside of Russia and Soviet-controlled territory. The Russians still remain unpredictable, but one good reason why I believe the Soviet will be disposed to take a receptive attitude is that we have such a commanding lead, not only in the creation, but in the adaptation for use in warfare of these horrible substances and weapons. They know we have the airpower to deliver the H-bomb. That is not only a great deterrent to war, but also a spur to agreement on this question which affects the future of all mankind.

There has been a great deal of false propaganda, loose thinking and misconception about atomic and hydrogen bombs. We should definitely step up our civilian defense program, particularly in educating our people about these weapons. There have been many inflammatory statements made, I regret to say, which have spread fear and terror among some of our people. Such utterances, whether so intended or not, tend in the direction of appeasement and confusion. These are the last things we want in the Nation during this time of crisis.

We have to live with the realities of this situation and our political leadership has the very greatest responsibility toward the American people. We have been so conditioned to secrecy in connection with the atom bomb that there is inclined to be a great deal of misunderstanding and error. The American people, unknowingly, was committed to one atomic policy when the bomb was dropped on Hiroshima. There was and will continue to be among many of us the gravest doubt about the military and moral basis of this decision. Now we are told that the United States will retaliate with great force if new aggression breaks out in the world by means and at places of our choosing. I will discuss this policy at a later date.

I think that we should intensify our efforts to reach peaceful agreements for the international control of the atomic and hydrogen bombs. American statesmanship should, first, set up appropriate defenses and countermeasures against these terrible weapons, secondly, do and say nothing that would arouse irrational fear and apprehension among our people, and thirdly, draw the shades of secrecy from the basic facts of the atom and its derivatives without disclosing strictly security information.

Let us use the miracles of the atom to build, rather than to destroy, and promote peace and security for the Ameri-

can people and the world. Let us move with a real sense of urgency, lest thermonuclear disaster overwhelms modern civilization.

Under leave to extend my remarks in the RECORD, I include the transcription of my broadcast on the WEEI Report from Washington. The material follows:

#### WEEI REPORT FROM WASHINGTON

Mr. COCHRAN. Congressman PHILBIN, you are on the House Armed Services Committee, and I presume you have some information concerning the recent explosion of the hydrogen bomb in the southwest Pacific. Are you in a position to give us your views about this matter?

Mr. PHILBIN. The explosion was indeed historic and very significant. As you know, it has been shrouded in security secrecy to a very great extent, but the terrible power and effects of the explosion are pretty generally known. It affected places and persons in some cases hundreds of miles away from the center of the blast. It is said to have caved a huge hole in the floor of the ocean. I think no one can doubt the awful force of this new elemental material.

Mr. COCHRAN. What would you say as to its use in warfare and the effects it would have if one of these H-bombs were dropped on an American city?

Mr. PHILBIN. Let me take your first question first. We know how devastating the ordinary atomic bomb is. For example, the one dropped on Hiroshima was said to be the equivalent of 600 tons of TNT. The latest H-bomb is believed to be the equivalent of 6 million tons of TNT, and, according to some of the experts, the end is not in sight, because they believe that a much greater explosive force can be developed. Of course, if such a bomb were dropped on one of our cities, the results would be a real catastrophe, almost too horrible to contemplate.

Now, let me come to your second point, that is, to its possible use in warfare. Personally, I think the bomb is so terrible, so devastating, so awful in its effect, that it probably never will be used. Certainly our own great Nation should join—and right now—with all other nations, including Russia, to outlaw this devilish weapon.

Mr. COCHRAN. That is unquestionably in the minds of many people, but what do you think the prospects are for reaching an agreement with the Soviet on this question of outlawing the H-bomb?

Mr. PHILBIN. I must admit that that is a very difficult question to answer. We can only speculate on what the Russian attitude will be, although, since the recent explosion, the Soviet press has exhibited a more than usual interest in outlawing the bomb.

You will recall that we had the same problem regarding the atomic bomb. In the first place, the secrets, the formulas, and much of the know-how of making the A-bomb were stolen from our own secret archives by spies and traitors. That is certainly one of the blackest pages in American history.

You will recall, Ron, that at that time there were some of us in the Congress, as well as in the executive department, who were urging an agreement to control not only the A-bomb but all atomic nuclear energy on an international basis. The trouble was that, while the Soviet, running true to form in propaganda methods, loudly proclaimed its eagerness to outlaw the bomb and control atomic energy, it was not willing to go along with the idea of inspection, and, of course, without proper inspection by some duly qualified and impartial international body representing all the nations, any attempt to apply effective controls to atomic power and energy would be doomed to failure beforehand. For that reason we were not able to make much progress, even though we were prepared to adopt necessary legislation to

carry out the general aims of international atomic control.

The negotiations bogged down at that time because the Russians, as I said, would not permit inspection inside of Russia and Russian-controlled territory to make sure that fissionable materials were being used only for peacetime purposes as they should be. We were perfectly willing to accept the inspection provisions, and I think practically all the other nations were willing, but, of course, without Russian agreement there could be no adequate or satisfactory plan adopted.

Mr. COCHRAN. Do you think that the situation has changed any since that time; that is, do you believe that the Russians would now be willing to talk control of these most destructive substances?

Mr. PHILBIN. That is very difficult to say. As usual, the Russians are unpredictable, and I would not want to venture a guess as to what their final attitude might be in the matter. I do think, however, that all the facts in this situation certainly lead in the direction of international control. They also tend toward the reasonable supposition that the Soviet will before long, very soon we hope, be willing to join with us in outlawing the use in warfare of all these truly terrible substances. One very good reason why I believe the Soviet will be disposed to take a receptive attitude is that we have such a commanding lead not only in the creation but in the adaptation for use in warfare of these substances and weapons. The new H-bomb, which we have developed, would be just as deadly dropped over Russia as it would be anywhere else in the world, and they know it. They also know we have the airpower to deliver it, and that is not only a great deterrent to war but also a spur to agreement on this question.

Mr. COCHRAN. Do you think, Congressman PHILBIN, that the Russians have the new H-bomb?

Mr. PHILBIN. No; I do not think, personally, that they have as yet exploded an H-bomb of any significant size, and I do not think that they have one that could be presently used in warfare.

However, as you know, because of the dastardly work of spies and traitors, they unquestionably possess the basic secrets and by following normal paths of scientific discovery available to them, they will, undoubtedly, in time be able to develop H-bombs just as they have developed the A-bomb.

At present, therefore, we may well have a temporary bargaining advantage at the council tables, and I hope we will follow it up, and not let it lapse until they catch up to us in the implementation of this terrible weapon just as we did in the case of the A-bomb. Now is the time, I think, to press for strict international control and the outlawing of all these horrible substances and weapons and I do not think we can move too fast toward that goal.

Mr. COCHRAN. In the meantime, would you care to state what policy or viewpoint the American people should adopt regarding the H-bomb?

Mr. PHILBIN. Well, if you are speaking in terms of what policy we should adopt along security lines, I believe we should definitely step up our civilian defense, particularly the educational part of that program. So far as the viewpoint of the people is concerned, I think the important thing is that they should not be upset or unduly disturbed because there has been a great deal of false propaganda, loose thinking and misconception concerning the atomic and hydrogen bombs. There have been many inflammatory statements made, I regret to say, which have spread fear and terror among some of our people. Such utterances, in my opinion, whether so intended or not, tend in the direction of appeasement and confusion and these are the last things we want in the Nation during this crisis. The problems facing us are ad-



mittedly very difficult but with the right kind of statesmanship they are not insurmountable.

I would be the last to minimize the frightful power and potentialities of these weapons. Undoubtedly, they have revolutionized warfare but the Nation and the people must remain calm and not be overwhelmed by hysteria. We have to live with the realities of this situation and our political leadership has the very greatest responsibility toward the American people, first, to set up appropriate defenses and countermeasures, secondly, to do and say nothing that would arouse irrational fear and apprehension among the people, and thirdly, to draw the shades of secrecy from the basic facts of the atom and its derivatives without disclosing strictly security information.

Mr. COCHRAN. You'd think then, Congressman PHILBIN, that the people and the Nation should face up to these new developments with their usual courage and without getting hysterical about the matter?

Mr. PHILBIN. Yes; I think that is the only thing that we can do in the circumstances. The cold war may continue indefinitely but the prospects for peace are improving every day. We must work hard to come to some final peaceful agreements. And, of course, we must also continue to build our strength, spiritually, militarily, and economically. These weapons could well destroy civilization. It is up to us, as rational beings, to act before it is too late, so that the miracles of the atom will be used to build, rather than to destroy, and so that we can promote peace and security for the American people and for the world.

#### SPECIAL ORDERS GRANTED

Mr. BROOKS of Louisiana asked and was given permission to address the House for 5 minutes today, following the legislative program and any special orders heretofore entered.

Mr. BUSBEY (at the request of Mr. HALLECK) was given permission to address the House for 30 minutes on Wednesday next, following the legislative program and any special orders heretofore entered.

#### ADDITIONAL COMPENSATION TO HUGHLON GREENE AND WALTER B. LITTLE

Mr. REED of New York. Mr. Speaker, I send a resolution (H. Res. 486) to the desk and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That effective April 1, 1954, there shall be paid out of the contingent fund of the House of Representatives, until otherwise provided by law, additional compensation to Messenger Hughlon Greene and Messenger Walter B. Little, Committee on Ways and Means, at the basic rate of \$160 per annum, respectively, this being in addition to the additional compensation provided for under House Resolution 118.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### FARMERS ARE ALSO CONSUMERS

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, last Thursday, March 25, one

of my distinguished Republican colleagues from the State of New York made reference to the fact that there was a "rash of speeches asking the Secretary of Agriculture to recede from his position on reducing supports for milk products."

It is unfortunate that the gentleman from New York found the rash of speeches on the dairy farmers' problems such a source of irritation. The gentleman from New York, and others from the Nation's industrialized urban centers, may find the economic rash resulting from declining dairy farmers' income an even greater source of irritation when it leads to more unemployment in the industrial centers of the Nation.

The gentleman from New York then went on to say that the Secretary of Agriculture "is to be congratulated upon what he has done. I think he is trying to see to it, in the interest of the consumer, to give him a break, and I urge the great Committee on Agriculture to think of the consumer, too."

I am sure that the gentleman from New York is aware of the fact that farmers are also consumers. Yes, they are consumers of many very costly items that are not bought by the constituents of my colleagues who represent the major industrial centers of the United States.

Farmers, after all, do not grow or manufacture their tractors, trucks, plows, disks, cornpickers, combines, wagons, manure spreaders, and all of the other machinery required on the farm. They must buy these items—items that are manufactured in the Nation's industrialized urban centers.

The production of these and many other items used by all farmers—not merely dairy farmers—furnishes employment to a considerable number of workers. Obviously, I want to see these workers employed. I want to see them employed because they are the farmers' customers. Every thinking farmer realizes that the great majority of food raised—whether it be milk, dairy products, citrus fruit, vegetables, grain, and so forth—is consumed by people living in villages and cities.

Farmers are also consumers—and they are conscious of the problems facing city consumers. As proof of the fact that farmers are consumer conscious in their own right, I submit the evidence that most of the producer and consumer cooperatives in the United States are organized in rural communities.

When the gentleman from New York congratulated the Secretary of Agriculture last week for expressing an interest in consumers, I did not hear the gentleman express any concern over farmers as consumers. I did not hear him suggest that the manufacturers of farm machinery, the steel companies, the rubber companies, the manufacturers of farm trucks should receive 75 percent of parity.

Of course, that is a "horse of a different color," and neither the gentleman from New York or the Secretary of Agriculture should express concern over farmers as consumers. Since the Secretary of Agriculture has taken on the mantle of Secretary of City Consumers,

I wonder if the Secretary of Commerce will remonstrate with manufacturers when production slows up as a result of falling farm income.

Surely, if the Secretary of Agriculture can go to bat for city consumers—and let me say again, I sympathize deeply with them—there is precedent for the Secretary of Commerce to plead the farmers' case. Of course, I know that the Secretary of Commerce—under this or any other Administration—would not dare suggest such things to the Nation's industrialists. Business and industry would have his scalp after the first speech.

However, the present Secretary of Agriculture can do it—and he apparently has the blessings of the administration, including the President of the United States, in forgetting farmers. As far as dairy farmers are concerned, the Republican platform pledge that "we favor a farm program aimed at full parity prices for all farm products in the market place" has turned out to be a ghastly joke.

In pleading for Congress to act on my bill, H. R. 8388—or a similar bill, if there is one—to extend dairy support prices at 90 percent for 120 days after April 1, I should like to remind my colleagues on the other side of the aisle what candidate Dwight Eisenhower said at Brookings, S. Dak., on October 4, 1952. Here is what he said in part:

The Republican Party is pledged to the sustaining of the 90 percent parity price support and it is pledged even more than that to helping the farmer obtain his full parity, 100 percent parity, with the guaranty in the price supports of 90.

Surely, in the light of these pledges—or are there flexible promises as well as flexible price supports—my Republican colleagues should be supporting me in urging the Agriculture Committee to report my bill out to the House before April 1. Once again, I repeat that 75 percent is not 90 percent of parity.

The dairy industry, as I have said over and over for the past week, is in a critical condition. Dairy farmers are also hard pressed, and some evidence of this is borne out by the \$400 million drop in income that this group had in 1953 over 1952. If dairy farmers experience another \$600 million drop in 1954, they may as well put sails on their farm machinery and run the machinery from the political oratory of the last campaign.

Seriously, my friends, this is a critical problem; and that is why I am asking for positive and immediate action.

#### PRICE SUPPORTS FOR DAIRY PRODUCTS

Mr. MILLER of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MILLER of Kansas. Mr. Speaker, it seems to me that the Member from Wisconsin is correct. Congress needs to make a thorough study of the dairy situation. No other segments of society are being asked to mark down the value of their services. It is not contended that

the price of dairy products is too high, only that we have not found an outlet. Why all this sudden clamor to reduce the price and thereby do an irreparable injury to more than 3 millions of people engaged in the dairy industry? If we do this injustice to the dairy farmer, how soon will it be until it is extended to the wheat farmer, the tobacco farmer, the cotton farmer, and the corn farmer? The principle is exactly the same.

Besides, Mr. Speaker, there is another viewpoint from which to look at this problem. It not only concerns the individual dairy farmer, it concerns the economy of the United States Government. The dairymen now receiving 90 percent of parity are paying millions of dollars into the Federal Treasury in income taxes. By reducing the support price to 75 percent, many of them will sustain a loss. What will that mean to the Treasury of the United States? It will mean a reduction in tax receipts that might equal or exceed any possible loss that may be sustained because of the present support price. What happened when the price of beef cattle fell from 40 to 50 percent a year ago? I will tell you what happened. Cattlemen who formerly paid thousands of dollars into the Treasury in income tax did not pay a dollar last year, and many received rebates of taxes formerly paid.

It is poor economy to deliberately bring about an adverse condition to millions of honest, hard-working people. We will admit that the present situation needs correction, but we believe that the drastic measures proposed by the Secretary of Agriculture will only aggravate the situation. H. R. 8388, introduced by Congressman JOHNSON of Wisconsin, providing for a temporary continuation of 90 percent support price for dairy products until Congress has had time to formulate an overall effective program, should be reported out of committee and pass the House.

Mr. CHATHAM. Mr. Speaker, as a Member of Congress and as a breeder of purebred Guernsey cattle, I am very much interested in the fight being made by my friend, Congressman LESTER JOHNSON, of Wisconsin, to block Secretary of Agriculture Benson's order reducing dairy price supports from 90 percent to 75 percent of parity effective April 1.

I am probably better acquainted with the great State of Wisconsin than most Congressmen from other States as it was there in the early twenties, with the assistance of Charles Hill, Rosendale, Wis., native of Fon du Lac County, and that great Guernsey breeder and pioneer of that breed in these United States, that I purchased the first Guernsey cattle for the North Carolina Calf Club, and many of the cattle in North Carolina trace their ancestry back to the original stock bought in Wisconsin some 30 years ago.

As I helped purchase these first cattle there, so did cattle breeders from all over the United States for Wisconsin has been a pioneer in the dairy industry and has shipped such stock all over the Nation and to shores of foreign countries.

I met my colleague the gentleman from Wisconsin [Mr. JOHNSON] the first day he was sworn in and in our conversation

I discovered that we are both life members of the American Guernsey Cattle Club and that he has been interested in farming all his life. That he worked on a farm as a lad, helped start and managed his father's registered Guernsey cattle for 18 years, and then in 1946, he purchased a 324-acre dairy farm in Jackson County, his new home county, where he had a herd of registered Guernsey cattle until 1951 when he sold the farm to his renter.

I tell you this to show you that he is not one who has just recently developed an interest in the dairy farmers' problems since he came to Congress, but that his interest in the dairy farmers' problems is the result of actual experience and association.

I feel that, for the best interest of the 3 million dairy farmers of America, his bill, H. R. 8388, should have a hearing by the House Committee on Agriculture and should be reported to the Congress prior to April 1 so that we can vote on it. It is my belief that when the general farm bill comes before Congress later in the session that the dairy industry, if it wants rigid price supports, will have to be placed on a quota basis the same as the six basic commodities. But I do not believe, at this time, we should single out the dairy industry as the "whipping boy" for the farm group. I hope the committee will report the bill out so the Congress can act on it prior to April 1. This is only temporary legislation and can be acted on without long debate.

#### PUBLIC-HOUSING PROGRAM

Mr. KELLEY of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KELLEY of Pennsylvania. Mr. Speaker, I want to add my voice to those many voices on the Democratic side of this House in opposing the shortsighted, inhumane recommendation of the House Appropriations Committee to kill the public-housing program. In the years since the original Housing Act was passed in the thirties, we have seen some of the worst neighborhoods in America transformed into ideal communities where families of very modest means—formerly poorly housed—have been able to find and afford livable, pleasant, modern, fireproof, attractive dwellings.

I cannot go along with the Appropriations Committee recommendations because I believe we must continue to improve living standards in this country, not push them back to slum standards. A vote to kill public housing is a vote to keep people in slums where crime breeds, where disease spreads, where fires mean tragic massacre of children, where sanitation is often crude or nonexistent, and where it is not fit for people to live and still call it an American community.

The Eisenhower administration came to office on a lot of promises, including one dealing with better housing. It has backed away from many of its campaign promises, but at least it did recommend some public-housing construction, inadequate as the President's recommendation

was on this item. But now the Republican members of the Appropriations Committee refuse to go along even with that inadequate program.

Is it not significant, Mr. Speaker, that we on the Democratic side are continually being urged to bow to the President's requests on anything he happens to ask from the Congress, and we are attacked as playing politics if we propose any variation whatsoever on his program for taxes, labor legislation, social security, or anything else? Yet, at the same time, his own leaders in a Republican Congress go about sticking knives in his program with complete impunity and immunity from criticism.

I gather that in the view of some people the President knows best only insofar as his views conflict with those of Democrats, but is just a naive fellow who does not know too much about government whenever the disagreements come from members of his own party.

I am getting kind of fed up with that double standard.

I shall support the President on this item because, as between his position and that of the Republicans on the Appropriations Committee, I think he is more nearly right. Actually, we need a whole lot more than 35,000 public-housing units a year. But I think we should provide at least what he asked for and hope that by next year he might better recognize the value of this program he has given such lukewarm support.

#### INVESTIGATION OF THE AUTOMOBILE INDUSTRY

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. CRUMPACKER] is recognized for 30 minutes.

Mr. CRUMPACKER. Mr. Speaker, I have today introduced a House joint resolution calling for an investigation by the Federal Trade Commission into current competitive practices in the automobile industry. I have done so primarily in the hope that such an investigation will shed a little light on the factors leading to widespread unemployment in certain segments of the industry and bring about the elimination of some of these factors so that automotive employment may return to normal.

Wide publicity has been given to unemployment in the industry and I do not need to dwell on that. However, I would like to point out that, contrary to the general impression, this unemployment has not spread to the industry as a whole but only to certain companies. I also would like to stress the fact that it has been brought about not so much by a general decline in sales as it has by an all-out battle between the General Motors Corp. and the Ford Motor Co. for sales leadership.

For the first time in the history of the automotive industry, it appears that General Motors and Ford have set out to monopolize the field. They have the economic power to do this just as big business has that kind of economic power in many industries. However, up to this time, they have shown a healthy respect for the antitrust laws and for



public opinion, which has shown a strong distaste for monopolies in this country.

In urging that this investigation be made, I am seeking to bring home to the public a fuller realization of what is happening—before it is too late to save some of the smaller competitors in the field who are being forced to the wall by the sheer economic power of Ford and General Motors.

To permit the current race to continue to its seemingly inevitable conclusion would be to doom the men already laid off at automobile factories to more or less permanent unemployment, and also to jeopardize the jobs of those still working at these plants and for the thousands of dealers who sell their products.

As I have stated, the current depressed condition of the automotive industry is not industrywide. While sales so far this year have declined 9½ percent from the corresponding period in 1953, this is not particularly significant inasmuch as the sales last year were at very near peak levels and new-car production for 1954 so far has declined only 6.4 percent. If this decline had been spread evenly throughout the industry, it would have caused no major job dislocations, few, if any, jobs would have been eliminated and it probably could have been absorbed merely by the reduction of overtime work.

However, instead of being spread evenly throughout the industry this 9½-percent decline in sales and 6.4-percent decline in production has taken place entirely in that segment represented by the Chrysler Corp. and the so-called independents which include Studebaker, Nash, Packard, Hudson, Kaiser, and Willys.

Ford, Lincoln, Mercury, Buick, Chevrolet, and Oldsmobile have all produced more cars this year than last. Only Cadillac, out of the eight different brands of cars produced by the General Motors Corp. and the Ford Motor Co., is running behind last year's figures in the number of cars produced, and Cadillac is now working 6 days a week trying to catch up on the lost production. None of the Chrysler and independent makes of cars have been in anything like full production so far this year.

General Motors sales this year are down only three-tenths of 1 percent from last year, while Ford sales have increased 13½ percent. From the standpoint of cars produced, the figure is even more impressive as General Motors production has increased 1.4 percent while Ford production is up 47.7 percent.

The picture in the rest of the industry is gloomy indeed. Unit sales by the Chrysler Corp.—which includes Chrysler, DeSoto, Dodge, and Plymouth—are down 31.2 percent while production has fallen almost in half—a total of 48.2 percent. Sales of the so-called independents are down 47.4 percent while their production is down 59.7 percent.

The net result of this shift in sales has been to increase General Motors' share of entire sales from 39.8 percent last year to 43.8 percent during the corresponding period this year, while Ford's share has jumped from 25.3 percent to 31.7 percent.

In terms of cars produced, the shift is even more impressive. GM's share of total production has increased from 45.9 percent last year to 49.1 percent during the corresponding period this year—and in recent weeks it has been running more than half the total. Ford production has jumped from 21.1 percent to 33.5 percent. In the week ending March 13 Ford and GM represented 86.7 percent of the total for the entire industry.

It is interesting to note that during the period from the end of World War II to the beginning of the Korean war, General Motors was allocated 41.2 percent of total production and Ford 21.1 percent. The allocation given Chrysler then—21.2 percent was slightly more than that given Ford. The share assigned to the independents was 16.5 percent.

This year Chrysler sales are down to 17.4 percent of the market as compared with 22.9 percent last year, while their production has fallen to 12.5 percent of the total—10 percent in recent weeks—as compared with 22.5 percent last year.

The position of the independents has really taken a nosedive. Their sales have fallen to 6.6 percent of the total as compared with 11.3 percent last year and the pre-Korean average of 16.5 percent. Their production is down to 4.9 percent of the total as against 11.2 percent last year. In recent weeks it has been as low as 2.9 percent.

Production means jobs and the lack of any substantial production by Chrysler and the independents this year has produced the widely advertised unemployment—which as stated previously has been confined to these companies and is not evident to any great extent in the General Motors and Ford divisions. The reason for the greater decline in production than in sales for this segment of the industry is the very large carryover of new car stocks at the first of the year, which has been much more pronounced in these makes.

As an example of what this decline in production has meant in terms of jobs in one particular company, I would like to cite the case of the Studebaker Corp., which is the largest of the independents and with which I am personally familiar because it happens to be the largest industry in the congressional district which I represent.

Last August, when production was at its peak, Studebaker employed 24,000 production workers. Today they are down to 12,000 and there are rumors of a possible layoff of another 3,500. Even those who still have a job at the plant are only working 4 days out of every 14. Thus, while the total employment at Studebaker has dropped in half, the total payroll on a monthly basis is less than one-fourth what it was last August.

This is not an extreme or unusual example, but is more or less typical of what has happened to a number of companies in the industry.

So much for the hard, cold figures. I would like to turn now to the factors and the practices that have brought all this about. While it will no doubt be argued by some that all this is due merely to Ford and General Motors products being superior in quality and lower in price than competitive makes, I think it must

be obvious that this is a minor factor, if it is a factor at all.

Price differences between competitive models of different makes are small in most instances. A little shopping around amongst automobile showrooms will demonstrate the truth of this statement. As to quality and customer appeal, there is little reason to believe that public taste in these matters could have changed so sharply and so abruptly in such a short space of time.

It is well known, both within and outside the industry, that styling is probably the most important factor in selling automobiles. While the General Motors line has been restyled in the 1954 models, the Ford line of cars, which have shown the most spectacular gain in sales, are hardly distinguishable in appearance from their 1953 and 1952 models. You just have to look elsewhere for an explanation for the sudden change in the sales pattern.

It is becoming increasingly apparent that the real explanation lies in the competitive practices that have become increasingly evident since the big race between Ford and General Motors got underway. One of the first and most important of these practices is the forcing of cars on dealers through overproduction.

Dealers are being forced to handle an ever-increasing volume of cars irrespective of whether they can do so profitably or not. They are being placed in a position where they must almost literally sink or swim. If they do not keep abreast of the steady flow of new cars descending on them from the production lines, they will find themselves overwhelmed with bankruptcy. A few voluntarily give up their franchises, but most have so much investment tied up in their agencies, which they could not carry without their dealership franchises, that they are forced to battle to survive.

To move the new cars they must sell them at a discount. The discounts are generally given in higher trade-in allowances on used cars taken in trade. These higher trade-in allowances, of course, attract new car customers away from their competitors. Then, in order to keep from being swamped with used cars, they must in turn sell the used cars at less than the prevailing market price. This in turn demoralizes the used car market and attracts used-car purchasers away from their competitors as well.

The combined discounts—the one given in the form of a higher trade-in allowance and the second given by selling the used cars at a loss—reduce the dealers' overall margin to a very low point, in many instances to the vanishing point. Many new car dealers who have held Ford or General Motors franchises for years have been operating in the red for the past several months for the first time in their experience.

The pressure produced by such competitive practices is just as strong, if not stronger, on the dealers of competitive makes. To continue selling cars they must engage in the same or similar practices. If they do not sell cars, the overhead expenses of their establishments gradually eat them up.

It is at this point that the second of the competitive practices comes into play. About the time that a dealer from one of the small independent manufacturers finds himself faced with prospective bankruptcy because of the fierce competition, one of the "Big Two" comes around and offers him a franchise for one of their makes, along with glowing promises as to the pot of gold which it will produce for him. Dealerships are to an automobile company what branches are to a tree—cut them off one at a time and you gradually kill the trunk. The injury to the parent company of such amputations is permanent and in most instances irreparable. In recent weeks the number of dealers who have switched from the independents to the "Big Two" has increased at an alarming rate.

The resolution which I have offered calls upon the Federal Trade Commission to make an investigation into the competitive practices I have referred to. It is my hope that the Commission, upon completing this investigation, will recommend some course of action. The nature of this recommendation, of course, must depend upon the nature of the evidence produced.

The first objective must be to determine whether the competitive practices now being indulged in by the Big Two constitute a violation of our existing antitrust laws. If it should be found that they definitely are, the FTC would be obliged, of course, either to take appropriate action itself or to recommend immediate action to the Antitrust Division of the Department of Justice.

If the FTC finds that the practices are not in violation of existing laws, they may wish to recommend to Congress amendments to the laws which would deal with such practices.

In conclusion, I would like to emphasize the urgency of the situation. Thousands have already been thrown out of their jobs and are walking the streets today hunting for work. Thousands more are working only part of the time, and in many instances are not drawing enough pay to adequately feed their families, let alone maintain a proper standard of living. These men and their families cannot wait for any lengthy deliberations in this matter. While the battle for leadership rages between Ford and General Motors, people are going hungry and automobile dealers from coast to coast are either going bankrupt or surrendering to the opposition in ever-increasing numbers. If this is allowed to go on for any extended period of time, even the small manufacturers themselves may go under, throwing their people out of work.

It is my hope that these two giants of industry, who every year spend millions of dollars on public relations and who in the past have shown a great concern for public opinion and their relations with it, will see the handwriting on the wall and call off their battle with each other before their lust for leadership has so aroused public opinion that they themselves might eventually be destroyed.

I certainly myself am a strong believer in our free-enterprise system and believe

that free and untrammelled competition is an integral and necessary part of that system, but by the same token I believe that monopolies in any field are just as inimical to both free enterprise and free competition as is Government interference and regulation.

I would think that the leaders of these two great enterprises would display enough industrial statesmanship to stop this thing before it reaches the point where Government intervention will be forced by public opinion.

It is my understanding that the Federal Trade Commission has already received a number of complaints from automobile dealers and has been conducting a limited investigation into the practices referred to, in connection with its continuing check into possible violations of its cease-and-desist orders issued against the Big Three of the automobile industry in 1941. It is my desire that this be expanded into a full-scale investigation of competitive practices within the industry. It is my hope that this matter can be resolved without the necessity of the Government bringing a dissolution suit under the anti-trust laws against either Ford or General Motors, but it seems to me that these two companies, by their present conduct, are inviting such action.

As evidence that this trend is continuing, just today I picked off from the tape out here this item in the news. Ward's report says that new-car sales rose to a 5-month high during the week ending March 20, permitting a planned 5-percent-production increase in April.

Then, after discussing the spurt that has taken place in new-car sales, they go on to say:

The planned increases involve the restoration of second quarter production cutbacks contemplated by General Motors divisions and continuance of overtime work at Ford Motor Co.

It does not say anything at all about any planned increases by the Chrysler Corp. or by the so-called independents, and the very fact that General Motors had previously planned cutbacks in April, which they plan not to continue in effect, would indicate that they possibly might have been overstocking their dealers up to this point to some extent.

Mr. OAKMAN. Mr. Speaker, will the gentleman yield?

Mr. CRUMPACKER. I yield.

Mr. OAKMAN. If this keen, fierce competition, as you say, exists between the Big Two, how can they be charged with monopolistic practices? Where you have monopolistic practices, you do not have, as I understand the term, that fierce, keen, cutthroat competition.

Mr. CRUMPACKER. You may have violations of the antitrust laws in many instances without having a complete monopoly in a field in one company. Any time any company within an industry uses its size and its wealth to try to force through unfair methods other competitors out of the field completely, you may have a violation of the antitrust laws. A recent example is the action brought against the A. & P. Co., which by no means has a monopoly of the distribution and retail sale of food and food products. But they were using their size

and economic power to force competition out of the field. In many instances, things like that have occurred.

Mr. OAKMAN. Did not that investigation blow up, however?

Mr. CRUMPACKER. No, as I recall, there was a consent decree entered and that company is operating at the present time under a consent decree. Some of the ancillary proceedings I believe were dismissed by the Government, but the underlying proceeding was not.

Mr. OAKMAN. If I understand the gentleman, he complains that the Big Two are making too many cars. Would the gentleman correct that by Government regulation or by Government control?

Mr. CRUMPACKER. I would not favor placing quotas on the number of cars to be manufactured, but I would think it would be appropriate to give some kind of protection so that the forcing of cars on the market in many instances at a loss purely for the sake of a sales race would be brought to a halt. What is being done is that these cars are being pushed on to the dealers, many of whom bootleg them to used car dealers who sell them at a very minor markup. If there is any markup at all, and they are handling them at a margin that could not be done as a normal thing in the industry for any extended period of time. It is practices of this sort which are forcing dealers for competitive makes to the wall—practices of that sort which again and again have been recognized as contrary to the public interest in the long run.

Mr. OAKMAN. Have we not all read during the last few weeks that the Big Three have taken steps to clean up that situation themselves in their own industry?

Mr. CRUMPACKER. They have talked a great deal about it, but the only way they can really clean it up is to stop the practices which they themselves are engaged in. They have forced the practices upon the dealers. No dealer wants to peddle a car to a used car dealer to be sold in competition with himself, but when new cars are forced on dealers in such ever increasing quantities, away beyond their capacity to sell them, they have no other alternative. It is all very well for the manufacturers to speak piously about trying to clean up this practice, but they can bring it to an end if they will stop forcing cars on the dealers.

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. CRUMPACKER. I yield to the gentleman from Illinois.

Mr. PRICE. I think the gentleman is performing a very worthwhile service in bringing this matter to the attention of the country. I have certainly heard much discussion among automobile dealers throughout the country on the very matters the gentleman is discussing this afternoon. I think the gentleman is to be congratulated for bringing this to the national attention.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. CRUMPACKER. I yield to the gentleman from California.



Mr. HOLIFIELD. I would like to add my own word of commendation, because I have had complaints from automobile dealers in my district, some of whom have had to go into bankruptcy because of this policy of pushing cars on them that they cannot sell.

Mr. CRUMPACKER. Many of the complaints received have been from dealers of those makes of these two big companies, particularly General Motors dealers, who have been complaining about this practice.

Mr. WITHROW. Mr. Speaker, will the gentleman yield?

Mr. CRUMPACKER. I yield to the gentleman from Wisconsin.

Mr. WITHROW. I want to commend the gentleman for the very fine statement he has made. I would like to refer him to an investigation that was made by the Federal Trade Commission in 1935 and 1936. They found that the real difficulty was in the franchise of the dealer. It was nothing more than a permit to do business, and the result was that under an inferred threat of taking up the franchise of the dealer they were forcing new cars upon the dealer; and he, in turn, had used cars piled up on him. At that time there was a very fine finding of the Federal Trade Commission, and I believe for a period of time that condition was remedied by the manufacturers; but now that condition exists again in full force.

Mr. CRUMPACKER. That is very true. I checked into that prior investigation. It is a similar investigation which I seek at this time.

Mr. OAKMAN. If the gentleman will yield further.

Mr. CRUMPACKER. I yield to the gentleman from Michigan.

Mr. OAKMAN. I am not for a moment critical of the philosophy and the thought which the gentleman has expressed to the House, but we who have followed the automotive industry closely since the cessation of World War II note that what are called today the Big Two have invested and plowed back into their respective businesses hundreds and hundreds of millions, yes, billions of dollars, and that itself may be the reason why they are making such a high percentage of cars today. I do not think any of us for a moment wants to retard the expansion and efficiency in American industry.

The other point is that if the dealers of the Big Two are being forced to take these cars from the manufacturer to the brink of bankruptcy, then how are they able to attract dealers of other competitive cars? The gentleman stated that they are now raiding the distributors of other cars. If the dealers are going broke by forcing cars upon them, then why should they be attracted to another manufacturer who is not forcing cars upon them?

Mr. CRUMPACKER. The main race, as you know, is between Ford and Chevrolet.

It is in those two makes that the greatest amount of bootlegging—in fact, practically all of it—is taking place.

This sale of franchises has taken place in many parts of the country in

that particular price class. It has been primarily the Lincoln-Mercury division of the Ford Motor Co. and the Pontiac-Buick-Oldsmobile division of General Motors where franchises have been offered and dangled as bait before these dealers in competitive makes.

There may be several explanations of why this practice is so. Franchises have in the past been noted as being highly profitable propositions. For many years in the industry the Chevrolet franchise has been known as the equivalent of a gold mine. Because of the reputation and because of the promises held out, or possibly financial assistance to dealers who were in financial stress, these have appeared attractive.

I do not know all of the answers, but that is one of the things I would like to have gone into, that is one of the reasons why I am seeking this investigation of some of these things and to explore more thoroughly others.

The result is very plain to see; the exact cause and all of the things that may have been going on behind the scenes are a little more difficult to see and that is why I would like to have this investigation. But just on the face of what has taken place so far, on the basis of sales and production statistics for this year, it is quite apparent that the automobile industry is rapidly becoming a two-company industry; and I think we ought not in an industry as large and important as the automotive industry have such a situation develop, because it is the largest single industry in the country. It should not be dominated by two companies. I think that would be a very unhealthy condition and it is something that I think should not be permitted. I think it is imperative that we examine into the ramifications of the situation and the possible causes of the result which is rapidly coming to pass.

Mr. BROOKS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. CRUMPACKER. I yield.

Mr. BROOKS of Louisiana. I think the condition to which the gentleman alludes is general throughout the United States and I think it is a most unwholesome one, because they are selling and reselling cars throughout the country in many instances below the actual cost of delivering the car to the customer. Of course, the customer is getting the advantage of it, but in the long run the country is going to pay the penalty of busted dealers and bankruptcies and bad business conditions.

I just came from my home last night and I found that condition very prevalent there. The little dealer is in trouble throughout the whole length and breadth of the country.

Mr. CRUMPACKER. There is coming to pass now what happened in the case of the railroads that brought about the passage of the Antitrust Act in 1890. In those days it was the railroad moguls who were cutting prices, cutting passenger fares and freight rates to ruin their competitors; it was almost the same identical proposition. Today the automobile manufacturers are using the same tactics the railroad moguls of the last century used.

## SURVIVAL

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 20 minutes.

Mr. HOLIFIELD. Mr. Speaker, 2,000 years ago it was said, "Ye shall know the truth and the truth shall make you free."

The time has come when the people of all nations should know, without exaggeration, without confused scientific jargon, and without diminution, the truth about the power and effect of atomic-hydrogen weapons.

The press, television, and radio are full of rumors, distortions, part truths, and confusing generalities. At the best, the people are confused. At the worst the people are tragically misinformed.

The result of this confusion and misinformation is apathy, indifference, and, in many cases, a growing alarm.

The fundamental strength of a constitutional government is intelligent participation by an informed electorate. Those who believe most earnestly in the democratic process base their belief on the premise that if the facts are made known to the people beforehand, the majority will formulate the right answer to a given problem at a given time.

There has always existed a group of leaders in our history, who doubted that the people could exercise wisely the democratic process of majority consideration and determination. These doubters have excused their lack of faith in the people by assuming either a paternalistic—papa knows best—or an arrogant—the public be damned—attitude. Neither attitude has been justified in the past, much less can it be justified in the atomic-hydrogen age.

The motorist has a right to know that the bridge has fallen into the canyon just a mile farther down the highway upon which he is traveling.

The citizen of any nation has the right to know, at least a few days in advance, that he and millions of his brothers are rushing at supersonic speed toward the abyss of atomic-hydrogen destruction.

The danger of destroying civilization has become real. It is not imaginary. It is not confined to the people of one nation. Mass extermination of millions in any or all nations can occur during a weekend.

Complete military defense against supersonic planes or missiles carrying atomic-hydrogen warheads is impossible and nonexistent. Partial military defense is inadequate to guard us against chaos and disaster.

Civil defense against atomic-hydrogen weapon attack is a delusion. The people know instinctively that no practical plan has been proposed nor do they believe that an effective plan will be proposed in the future. The Congress has refused to appropriate more than token funds to the Civil Defense Agency because they know the futility of plans proposed to date.

The advocacy of mass evacuation of millions of our people from our cities in a few hours presents problems of care and effective dispersal which, in my opinion, cannot and will not be solved.

The advocacy of this procedure by the Civil Defense Agency is a confession of failure and desperation. The American people will not disperse to the point of effective defense against atomic-hydrogen attack and American industry will not go underground. Neither course is physically practical nor financially feasible.

Are the people of the world helpless and hopeless in the face of this unprecedented threat to their survival? Can they collectively move wisely and quickly enough to prevent mass destruction? Certainly we need not be hopeless and we are not helpless. The instinct of self-survival is supposed to be the strongest primary urge of the human species. Superhuman efforts are possible when a danger is known and properly evaluated. These superhuman efforts are not confined to single individuals, but can be exerted by millions in unison if properly impelled. I have reluctantly arrived at the conclusion that as of now, no man-proposed solution has been accepted or has been offered which has captured the attention of the numbers of people necessary to compel universal action.

The only hope I have is based on arousing the instinct of self-survival which is possessed by all men.

How can this will to survive be activated and collective action be inspired?

First, people must be convinced that the danger of death to uncounted millions through use of unprecedented mass-destruction atomic-hydrogen weapons is now a reality.

Second, that these weapons are in existence and operable by the United States, the Soviet Union and possibly the United Kingdom.

Third, that if a third world war occurs, there is no guaranty that these terrible weapons will not be used.

How are these facts to be impressed upon the people of all the nations?

Every possible means of spreading these facts to all peoples must be used:

(a) The highest national leaders must make clear and factual statements disclosing the power of atomic-hydrogen weapons and the explosion effects in equivalent TNT tonnage with the estimated square miles of total and partial destruction.

(b) These statements should be made by the President of the United States, the Premier of the Soviet Republics, the Queen of the United Kingdom and other responsible national leaders. Distinguished physicists and scientists should support such statements with scientific facts. Religious leaders of the great religions should add their appeal to their followers. Every news medium should be used to bring the facts to the people. Moving pictures of previous atomic-hydrogen explosions and their effects should be shown again and again, until every human being has had a chance to see their phenomena.

Actual demonstrations should be arranged for unrestricted public observation.

Above all, there should be a revival of faith in God's ultimate purpose for the spiritual development of human beings.

Man, left to his own devices and relying on materialistic principles, has

brought about the horrible capacity for scientific mass destruction in mankind.

The arm of flesh has failed us and unless we turn to the spiritual truths which our forefathers revered, we seem doomed to self-destruction.

We must have this revival of faith in God's purposes but we know that faith without works is dead. We must press forward with the truth, the whole truth and nothing but the truth, so that all peoples will know that they are in mortal danger of destruction.

This truth if widely known and accepted in the free world, will penetrate the Iron Curtain to reach the enslaved people.

If the free people and the slave people can be brought to the point of realizing their personal danger I believe the inherent instinct to survive will cause them to create such a surging demand for universal peace that their leaders will be forced to comply with their demands that atomic-hydrogen war shall not occur.

We still have time to tell the people of the world the truth about the horrible fate in store for them if atomic-hydrogen weapons are unleashed.

We still have time to give the democratic process a chance to work in the free world.

We still have time to start the instinct of self-survival working throughout the world.

We still have time to turn from our reliance on human wisdom to faith in the wisdom and teachings of God.

With earnest effort on our part and with faith in God's purpose for mankind, I am confident the way can be found to achieve universal peace.

#### INTEREST RATES ON VETERANS' LOANS

The SPEAKER pro tempore (Mr. PATTERSON). Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 5 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a letter.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, on March 24 the Committee on Veterans' Affairs unanimously directed me to advise the chairman of the Banking and Currency Committee with regard to the pending housing bill, H. R. 7839, on two specific points. First, that the committee believes that the interest rate on Veterans' Administration guaranteed loans for veterans should be set by the Congress and should not be left to the discretion of some administrative committee and subject to a sliding interest scale; second, that any legislation on this subject amending the Servicemen's Readjustment Act of 1944 should be left to the consideration of the Committee on Veterans' Affairs which under the Reorganization Act clearly has the jurisdiction.

In a letter dated March 26 I advised the chairman of the Banking and Currency Committee of the conviction of the Committee on Veterans' Affairs. I regret very much that the Banking and Currency Committee has reported a bill which completely ignores the position and belief of the Committee on Veterans' Affairs and attempts to invade the jurisdiction of this committee.

Aside from the jurisdictional question, which is of lesser importance than the main one, it seems to me very poor policy bordering on folly to leave to an administrative committee the decision on what the interest rate should be on veterans' loans. One of the crying needs of veterans' legislation is uniformity, and over the years I have done what I could to make rates of compensation and pension the same for all veterans of all wars. But here we have a proposal that one veteran will get a loan in March at 4½ percent, for example, and another veteran of the same war will come along 6 months later and get a loan at perhaps 5 percent, or perhaps even higher. It requires no great imagination and no prophetic powers to see the chaos which such a system can produce insofar as veterans are concerned. The proposal in the bill, as reported by the Banking and Currency Committee, as I understand it, provides discretionary power for an administrative committee to set the interest rate on GI loans not to exceed 2½ percent above the average yield of long-term Government bonds. Now it is stressed, Mr. Speaker, that this is discretionary authority and is unlikely to be used at this time, but I believe that Members of this House will agree with me that the whole history of discretionary authority is that it is soon used, and if it is not going to be used there is very little reason for granting the authority in the first place.

The Subcommittee on Housing of the Veterans' Affairs Committee recently conducted hearings in Los Angeles on the question of discount practices in that area. The loan guaranty officers in San Diego, Los Angeles, and San Francisco were in attendance at that hearing. Each and every one of these officers who deal most directly with the veterans and know a great deal about the trends in interest rates were unanimous that if this authority is granted there will be an interest rate increase in that area—probably 5 percent. If it should go to its highest level at the present time the interest rate on Government GI housing for veterans would rise to 5.3 percent. This would be an increase of eight-tenths of 1 percent over the rate now paid by the veteran. On the average it would mean the veteran would pay \$900 more over the life of the mortgage. We have had one increase a little over a year ago, from 4 to 4½ percent, and I see no reason why there should be another increase or even discretionary power to permit such an increase at this time.

Think, too, of the effect this constantly changing interest rate will have on builders and lenders. Rumors will start that an increase is coming or that decline will shortly be announced. Lenders will be reluctant to lend until an announcement is made; builders will delay



construction of homes. No matter how much protection is given, this situation will prevail.

I believe that the Congress fully realized when it enacted title III, Public Law 348, 79th Congress, that it was setting up a separate and distinct housing act for the benefit of veterans. If this bill is enacted, it will mean that the veterans' housing program as such will virtually cease to exist since the interest rates on housing loans administered under FHA, and those administered by the Veterans' Administration, will very likely be the same identical interest rates. I believe that there should be a special program for housing for veterans, and I believe that the Veterans' Administration housing setup should remain intact. For that reason, and with that point in view, I will offer a series of amendments, at the appropriate time, Mr. Speaker, which will remove the authority contained in H. R. 7839 insofar as it relates to the setting of interest rates on GI guaranteed loans. These amendments bear the full endorsement of the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans and Amvets, and I hope that the amendments may be adopted, and that we may have the control on this subject restored to the jurisdiction of the Committee on Veterans' Affairs, and that the interest rate will not be further increased on these loans.

COPY OF LETTER TO COMMITTEE ON VETERANS' AFFAIRS

COMMITTEE ON VETERANS' AFFAIRS,  
HOUSE OF REPRESENTATIVES,  
March 30, 1954.

Subject: A housing bill, H. R. 7839.

The Committee on Banking and Currency has reported H. R. 7839, and I invite the attention of the members to section 201 which begins on page 146. The effect of this section is to give to an administrative committee appointed by the President the authority to set the interest rate on FHA and Veterans' Administration guaranteed loans not to exceed 2½ percent above the average yield of long-term Government bonds.

On March 26, following the instruction of the committee in executive session of March 24, I directed a letter to the chairman of the Banking and Currency Committee advising him of the opposition of this committee to the proposed sliding interest rate, and also calling his attention to the matter of jurisdiction of this committee. The bill was reported without reference to the points raised in my letter and on yesterday, prior to the meeting of the Rules Committee, I addressed a letter to each member of that committee on the same subject. In this latter letter I called their attention to the increase and indicated that if the loan were granted at a 5.3 percent increase (which would be the rate to which the interest could climb under present circumstances) the veteran would pay \$900 more over the life of his loan—assuming a 20-year mortgage and an average loan. The Committee on Rules approved an open rule which permits the offering of amendments to this individual section; also a motion to recommit with instructions.

At an appropriate time during the debate on this measure I plan to advocate amendments to correct this situation.

I am primarily opposed to this section in H. R. 7839 for the reason: First, that it would substantially increase the cost of housing to the veteran; second, it would result in chaos and discrimination by providing one group of veterans with interest rates much lower than

other loans which might be negotiated at a later date; third, the uncertainty as to when the rate might change would result in delay in construction and a reluctance on the part of lenders to loan money; fourth, the proposal clearly invades the jurisdiction of the Committee on Veterans' Affairs. For these reasons I shall take the action indicated above.

I thought all members of the committee would be interested in knowing of this situation.

EDITH NOURSE ROGERS,  
Chairman.

#### THE IMPORTANCE OF OVERSEAS BASES TO UNITED STATES STRATEGIC AIRPOWER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Louisiana [Mr. Brooks] is recognized for 5 minutes.

Mr. BROOKS of Louisiana. Mr. Speaker, I ask unanimous consent that I may be allowed an additional 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BROOKS of Louisiana. Mr. Speaker, I am more than a little interested in the recently completed flight of the 301st Medium Bomber Wing from Barksdale Air Force Base, Louisiana, to Sidi Slimane Air Force Base, French Morocco. I know the men of that wing, and I know the high state of efficiency and readiness the wing maintains. I know, too, what this flight means to the wing as a training exercise, and what it means to the Russians as revelation of American air strength. It seems to me that our best hope of averting war with Russia, and atomic destruction, is to convince Russia that our airpower is ready to blast Russian targets—if she commits aggression. Personally, I hope more of our bomber wings will make flights to the Russian perimeter—but we must have sufficient bomber wings to make the flights, and to add conviction to the thought we are seeking to implant in the Russian consciousness.

A number of able newspaper reporters and military writers accompanied the 301st on its recent flight. One of them was Col. Kent Hunter, United States Army, retired, of the Washington bureau of the New York Journal-American. Colonel Hunter's account of the flight of the 45 B-47 medium jet bombers from Barksdale to North Africa in 12 hours flying time makes exciting reading. Midair refueling made the record-breaking flight possible, but only long training and a completely realized state of readiness made it possible for this wing, after only a brief overnight rest, to take off again on 4,000-mile simulated atomic bombing missions against targets deep in Russia.

Russia's own air capability is considerable. Colonel Hunter states that in addition to long-range bombers, with characteristics substantially better than those of our B-36's, the Russians have guided missiles admittedly as effective as the German V-2 bombs that wreaked such destruction on London during the war. Hitler's V-2 warheads did not have

atomic warheads. The new Russian guided missiles are believed to have them. In an act of aggression such missiles would be directed against our overseas bases, but our own bombers, given time to reach the widely dispersed Soviet bases and aircraft-production centers, could win the war logistically—if we continue to maintain these overseas bases.

In one of his articles Colonel Hunter reports that these American bases are already a prime target of Soviet political and propaganda attack. Every conceivable distortion of a fact to create dissension between our forces on perimeter base duty and the natives of the countries in which the bases are located is being used. Colonel Hunter is convinced that these perimeter bases worry the Kremlin more than any other single anti-Communist move, including the NATO program for European defense.

Mr. Speaker, the stakes are high, but the game must be played. The bases we have in North Africa not only protect our NATO allies, defend our own Nation, but guard the sources of our air power. A few days ago my distinguished colleague, the gentleman from the Fourth Congressional District, Mississippi, inserted in the RECORD an article by Maj. Alexander de Seversky that pointed out our dependence on overseas sources of raw materials. Our principal sources of uranium, cobalt, columbium, and necessary alloys are in Africa. Russia's 350 snorkel-type submarines can interdict trans-Atlantic shipping of these critical war materials, unless we have the bombers to locate and destroy the Soviet submarine launching bases.

Mr. Speaker, we can expect continuing efforts of the Russian propaganda machine to be directed at our overseas bases. False economy that results in any curtailment of America's air power will serve the Russian propaganda machine as well as its own nefarious planning. We must maintain airpower adequate to do the job—and that job is to maintain peace, defend the United States, and save our civilization.

In the hydrogen bomb now being tested, with a force 500 times greater than that of the atomic bomb dropped on Hiroshima, we have a weapon that can destroy any target. Let us make sure that we maintain the aircraft and the Air Force that can guarantee delivery of that bomb to a target of our own choosing.

Mr. Speaker, I ask unanimous consent to include in my remarks articles by Kent Hunter, colonel, United States Army, retired, from the New York Journal-American of March 3, 4, and 6.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The articles referred to follow:

WASHINGTON, March 3.—American strategic airpower can plaster any vital target in Russia, west of the Urals. This potential atomic retaliation could operate from the White Sea on the north to the Caspian Sea on the south, with 10-ton bomb loads dropped from 10 miles up, by medium jet bombers traveling at the speed of sound. Ten-ton bombs are big enough to be atomic.

Moreover, these bombers can be accompanied on missions west of Moscow by supersonic fighter and interceptor planes, as guaranteed protection against enemy counter-attack while on their missions.

Maintenance of this capability, in time of actual war, depends largely on the ability of combined arms of the United States and her allies—on sea, on the ground, and by tactical air defense—to protect overseas bases.

#### REFUELING IS KEY

I was one of a small group of American correspondents privileged to fly across the Atlantic with the mass flight of B-47's to watch the tests.

I saw elements of Gen. Curtis E. Lemay's Strategic Air Command demonstrate exactly how the job can be done in wartime, if enemy aggression pulls the trigger setting off retaliation by the winged might of the United States.

Midair refueling of SAC's all-jet B-47 bombers is the key to the attack capability. That refueling technique is now a routine procedure for SAC planes and can be accomplished anywhere over friendly territory.

The B-47, refueled, has a range of 4,000 miles, or a penetration of 2,000 miles into enemy territory and return, from the point of refueling.

A curved line drawn on the map from the northern tip of Norway through Denmark, West Germany, and the Allied Zone of Austria to Trieste, over Yugoslavia to Greece and then to Turkey's eastern border gives the forward refueling line for the B-47's and their fighter escorts, from European and African bases.

Any point in the Soviet satellite states or Russia itself, as far east as the Ural Mountains, falls within the 2,000-mile penetration zone of the B-47's and their fighter escorts.

The training maneuvers from Morocco bases called for such deployment of the bombers as to put synthetic four bomb hits on each target covered in a retaliatory strike with full wing force or greater.

On a 4,000-mile mission the bomb payload of a B-47 is 10 tons. The publicly released speed of the B-47 is over 600 miles per hour and its ceiling is pictured as over 40,000 feet.

The refueling partner of the B-47 is the four-engine, propeller-driven KC-97, capable of carrying 10,000 gallons of jet fuel in addition to its own requirements.

The KC-97 is publicly rated as having a speed of over 350 miles per hour at a ceiling of more than 35,000 feet over mileage dependent on the distance from the tanker base to the bomber refueling point.

#### SPAIN BASES

As of today, SAC has three bases in French Morocco, at Sidi Slimane, Nouasseur, and Benguirer, with two others programed at Boulhaut and El Djema Sahim. In addition the Navy has a tremendous base at Port Lyautey.

Currently 4 Air Force and 2 Navy bases are in process of initial construction in Spain. One is at Torreón, near Madrid, another at Saragossa and two others near Seville. The Navy installations are near Cartagena, on the Spanish Mediterranean coast and in the Balearic Islands.

The North African bases represent a \$480 million investment and those in Spain a minimum of \$300 million more.

Bases in Sicily, Greece, France, England, Iceland, Greenland, Canada, Alaska, Japan, Okinawa, and the Philippines—to go all the way around our air defense perimeter—conservatively estimated, represents \$10 billion.

General Lemay's command is currently training all its B-47 wings—45 bombers to a wing, with tanker and fighter support squadrons—for takeoff on 4-hour notice from the United States, landing within 12 hours in England, Spain, or North Africa.

In the recent tests from Barksdale Field, every bomber refueled over the Bermuda

base, continued to fly nonstop to Sidi Slimane and land in an average of 11 hours and 20 minutes elapsed time.

In the simulated combat missions over Europe, every plane covered its refueling, its 4,000-mile combat zone bombing mission, and return to base, in 12 hours elapsed flying time—and without a single mishap.

North African Air Force commanders don't talk for publication. They admit, however, that there is need for more tactical air squadrons for fighter accompaniment and interceptor duty, more antiaircraft battalions of the Nike rocket type and more ground defense troops to neutralize enemy paratroop attack or sabotage and fifth column activities by native elements.

Congress will hear of those things in upcoming appropriations hearings.

WASHINGTON, March 4.—“The team” will have to play hard and in a closely coordinated effort to protect the United States Air Force perimeter bomber bases if Kremlin aggression touches off world war III.

I got that picture clearly, flying with a full wing of B-47 all jet medium atomic bombers to North Africa on the Strategic Air Command's biggest transocean flight to demonstrate our ability to get to any future overseas war in a hurry. The Army, with guided missile antiaircraft and atomic artillery, will have to fight for every inch westward into Europe from the Red Army ground deployment in the satellite Balkans and Western Russia.

Any failure to delay the Soviet ground forces means overrunning of the European fighter aircraft bases which protect the bomber bases in England, Spain, and North Africa.

#### REDS HAVE NEW CRAFT

The Navy's 6th Fleet, in the Mediterranean, and the Atlantic Fleet, with carrier based fighter and interceptor warplanes, must block Soviet bombers, heading for the perimeter bases, if the tactical air bases on the ground in Europe are put out of action.

Two Russian plane developments are a source of worry. They are Tupelov-200 and the Ilyushin-38. The TU-200, according to best intelligence sources, is powered by six turbo-prop engines, capable of giving the gigantic 230-foot-wing bomber a speed of 450 miles per hour and a ceiling of 50,000 feet or more. These characteristics are substantially better than those of our B-36.

The IL-38 has four turbo-prop engines, a 35-degree sweptback wing, and is credited with 500-mile-per-hour speed, even with turbo-prop power. Substitution of jet engines for the turbo-props on the IL-38, in the opinion of our air, design experts, would give the Russian plane capabilities equal to our own B-52, not yet in mass production. Both the TU-200 and the IL-38 utilize radar bombsights.

#### SOVIET GUIDED MISSILES

In addition to her air capabilities, Russian guided missile launching ramps, already identified as installed along the satellite-state borders from the Baltic Sea to Hungary, are admittedly as effective as Hitler's V-2 bombs during World War II.

These reached London, Antwerp, Amsterdam, and other western European ports. The Hitler V-2's did not have atomic warheads. The Russian guided missiles are believed to have them.

Demolition of ports and supply bases with such missiles, resulting in cutoff of ground force resupply, must prove critical. Neutralization of such missile launching ramps by tactical bombardment is essential.

Strategic Air Command's bombers, given time to reach the widely dispersed Soviet bases and aircraft production centers, can win the war logistically, if allowed to maintain their perimeter bases.

United States Tactical Air Command has the new F-100 day fighter. It is capable of outspeeding sound in level flight.

For bomber interception the new F-89-D packs the firepower punch for launching 104 rockets in salvo, each rocket with the explosive power of a 75-millimeter shell.

Even more secret, the Convair F-104 reportedly has broken the speed of sound going straight up.

The Navy's delta wing Douglas Skyray has a supersonic speed record of 753 miles per hour and is the backbone of the new carrier-borne fighter strength. The Navy's A3D, with atom-bomb carrying capacity, gives the carrier forces a weapon to black-out enemy tactical attack targets.

In our own guided missile field the Army's “Nike,” the famed antiaircraft guided missile, has an electronically controlled mechanical apparatus which takes it to a target, and keeps it on the target's trail through a homing device.

The Navy has “Regulus,” a pilotless “flying bomb” which can destroy itself or its target, or return safely to base and land, all at supersonic speeds and under electronic control.

There are other weapons, atomic and otherwise, in the secret weapons arsenal which make our New Look defense leaders confident—we can defend our overseas bases—with one “if.”

That “if” is based on “how soon we can have and how many,” at the places where our forces are deployed.

That “how many and how soon” is a question Congress must answer.

WASHINGTON, March 6.—Ten days in Africa with the Strategic Air Command's medium bombardment wings now maneuvering there from forward bases, showed me the long-range Western ally planning to defeat a Kremlin-launched war.

These facts stand out:

Africa—The Belgian Congo—Is our principal source of uranium.

Africa—Southern Rhodesia—Produces 40 percent of our beryllium, a critical alloy in the production of atomic moderators.

Africa—Again the Belgian Congo—Mines 84 percent of our cobalt, the hardener and heat resister essential to making high-speed machine tools and the linings of jet engines.

Africa—Nigeria—Gives America 93.7 percent of all our columbium, the rare metal which serves as a welder in the supersteel of jet engines. The very length of life of jet engines depends on columbium.

Russia's submarine strength—at least 350 Snorkel type ocean type pig boats with cruising ranges of 15,000 miles or more—can interdict trans-Atlantic shipping of these critical war materials, until Strategic Air Command bombers can locate and destroy the Soviet submarine launching bases.

Navy convoy and antisubmarine air and surface operations, based at Port Lyautey, Morocco, have the mission, in any Soviet-launched world war III, of destroying Russian submarines at sea while the strategic air command pulverizes their ports.

Ground forces and the tactical air command must stop or delay any westward thrust of the Red armies in Europe while the strategic air command and the Navy carry out their part of the three-service design for victory.

Representatives of all the European colonial powers, and of the colonies themselves, meet March 11 at Dakar, French West Africa, to discuss the coordination of the “logistic defense south of Sahara.” The United States will send observers.

The “South of Sahara” conferees will discuss in secret sessions the activities of Communist agitators throughout Africa. Intelligence agencies attribute the unrest in the Moslem world in north Africa, from Morocco to Egypt to Red agents.



The current squabbling in the Sudan, the Mau Mau killings in Kenya, the sit-down strikes on the sisal plantations and in the copper mines of the Rhodesias, have been traced to similar agents.

The Kaffir riots in South Africa a year ago were Communist led.

One top-ranking intelligence officer in north Africa told me:

"Africa—all of Africa—is a powderkeg. Loss of African raw materials would hamstring industrial England, France, Holland, Belgium, and Spain in peacetime. It would cut off stockpiling capabilities of our country in time of war.

"Africa, south of Sahara, must be kept out of Red hands at all costs."

#### INCREASE USE OF DAIRY PRODUCTS IN ARMED FORCES RATIONS

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, I wish to record some of the facts about the tragically low dairy rations available to the members of our armed services, and to list the reasons why I have introduced H. R. 8600 which would greatly increase those rations.

As all of us know, there is a great hue and cry about the so-called surpluses of dairy products. In fact, the Secretary of Agriculture has dropped dairy price supports to 75 percent of parity on the theory that this will reduce the supplies of milk and its products.

I submit that we are not faced with a problem of overproduction, but rather one of underconsumption. H. R. 8600, in my opinion, deals squarely with this issue. If enacted it would raise the consumption of milk, or its equivalent, by 1.8 billion pounds.

At the present time, sailors and marines are allowed one-half pint of fresh milk a day. My bill would raise that amount to 1 quart—surely not too much for the members of our fighting forces. The bill would raise the butter ration from  $1\frac{1}{4}$  ounces to  $2\frac{1}{4}$  ounces; cheese from one-half ounce to 1 ounce; evaporated milk from 4 ounces to 1 pint; powdered milk from 1 ounce to 4 ounces, and cheese from one-half ounce to 1 ounce.

Passage of this bill would mean that Armed Forces consumption of fresh milk, or its equivalent, would be tripled. The use of cheese will be doubled and the use of butter increased substantially.

Although H. R. 8600 amends the legislation governing rations of dairy products for the Navy, it also directs the President, under his administrative authority, to set similar rations for the other branches of the Armed Forces.

In the calendar year of 1953 the armed services consumed the equivalent of 2.6 billion pounds of whole milk from our domestic production. They consumed the following quantities of dairy products:

	Pounds
Fluid milk and cream.....	900,000,000
Condensed and evaporated milk.....	103,000,000
Dried whole milk.....	14,000,000
Dried skim milk.....	10,000,000
Ice cream.....	98,000,000
Butter.....	43,000,000

The utilization of dairy products by the armed services would increase 2 to 3 times by the adoption of H. R. 8600, which would be the equivalent of 5 percent or more of the fluid milk and cream sold off farms in 1953.

The present Government-owned supplies of dairy products amounts to only 8.5 percent of the total production for 1953.

I herewith attach a copy of H. R. 8600.

H. R. 8600

A bill to increase the daily allowance of milk, butter, and cheese in the Navy ration, and to require corresponding changes in the Army and Air Force ration.

Be it enacted, etc., That the second paragraph of the first section of the act entitled "An act to effect needed changes in the Navy ration", approved March 2, 1933, as amended (34 U. S. C., sec. 902a), is amended (1) by striking out "4 ounces of evaporated milk or 1 ounce of powdered milk or one-half pint of fresh milk" and inserting in lieu thereof "16 ounces of evaporated milk or 4 ounces of powdered milk or 1 quart of fresh milk"; (2) by striking out " $1\frac{1}{4}$  ounces of butter" and inserting in lieu thereof " $2\frac{1}{4}$  ounces of butter"; and (3) by striking out "one-half ounce of cheese" and inserting in lieu thereof "1 ounce of cheese".

"SEC. 2. The President shall take such action under section 40 of the act entitled "An act to increase the efficiency of the permanent military establishment of the United States," approved February 2, 1901 (10 U. S. C., sec. 724), as may be necessary to make changes in the Army and Air Force rations equivalent to those made in the Navy ration by the first section of this act.

#### BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 5337. An act to provide for the establishment of a United States Air Force Academy, and for other purposes.

#### ENROLLED BILL SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 8224. An act to reduce excise taxes, and for other purposes.

#### EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks was granted to:

Mr. SMITH of Wisconsin and to include extraneous matter.

Mr. JONES of Alabama to extend the remarks he made in the Committee of the Whole today and include therein certain charts and tables.

Mrs. BUCHANAN and to include a statement.

Mr. ADDONIZIO and to include an editorial.

Mr. OSTERTAG and Mr. KELLEY of Pennsylvania.

Mr. GAVIN to revise and extend the remarks he made in the Committee of the Whole today and include extraneous matter.

Mr. PHILBIN.

Mr. GRANAHAH and to include a statement.

Mr. GARMATZ (at the request of Mr. GRANAHAH) and to include extraneous matter.

Mrs. SULLIVAN and to include some letters.

Mr. DONOHUE.

Mr. BENDER in five instances.

Mr. GREEN.

Mr. WOLVERTON.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. KRUEGER, for an indefinite period, on account of official business.

Mr. DAVIS of Tennessee (at the request of Mr. PRIEST), for an indefinite period, on account of illness.

#### ADJOURNMENT

Mrs. ROGERS of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 13 minutes p. m.) the House adjourned until tomorrow, Wednesday, March 31, 1954, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1402. A letter from the President, Girl Scouts of the United States of America, transmitting the Fourth Annual Report of the Girl Scouts of the United States of America, pursuant to section 7 of the act of March 16, 1950, entitled "An act to incorporate the Girl Scouts of the United States of America, and for other purposes," as amended by Public Law 272 of August 14, 1953 (H. Doc. 359); to the Committee on the District of Columbia and ordered to be printed with illustrations.

1403. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation entitled "A bill to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, insurance of mortgages not exceeding the reasonable value of the farm, and for other purposes"; to the Committee on Agriculture.

1404. A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation entitled "A bill for the relief of G. F. Allen, deceased former Chief Disbursing Officer, Treasury Department, and for other purposes"; to the Committee on the Judiciary.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of March 29, 1954]

Mr. SPENCE: Committee on Banking and Currency. Part 2, minority views on H. R.

7839, a bill to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities (Rept. No. 1429). Ordered to be printed.

[Submitted March 30, 1954]

Mr. TALLE: Committee on the District of Columbia. S. 2305. An act to promote safe driving, to eliminate the reckless and financially irresponsible driver from the highways, and to provide for the giving of security and proof of financial responsibility by persons driving or owning vehicles of a type subject to registration under the laws of the District of Columbia; with amendment (Rept. No. 1448). Referred to the Committee of the Whole House on the State of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TALLE: Committee on the District of Columbia. S. 1691. An act to authorize Potomac Electric Power Co. to construct, maintain, and operate in the District of Columbia, and to cross Kenilworth Avenue NE., in said District, with, certain railroad tracks and related facilities, and for other purposes; without amendment (Rept. No. 1447). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5842. A bill for the relief of Viktor R. Kandlin; without amendment (Rept. No. 1449). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7030. A bill for the relief of Hua Lin and his wife, Lillian Ching-Wen Lin (nee Hu); without amendment (Rept. No. 1450). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7802. A bill for the relief of Hanna Werner and her child, Hanna Elizabeth Werner; with amendment (Rept. No. 1451). Referred to the Committee of the Whole House.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 2014. A bill to authorize the sale of certain public land in Alaska to the Community Club of Chugiak, Alaska; with amendment (Rept. No. 1452). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AUGUST H. ANDRESEN:

H. R. 8618. A bill to amend the Tariff Act of 1930 to remove the restrictions on the importation of feathers of wild birds for use in the manufacture of artificial flies used for fishing; to the Committee on Ways and Means.

By Mr. BENNETT of Michigan:

H. R. 8619. A bill to amend the Agricultural Act of 1949 to provide a limitation on the downward adjustment of price supports for milk and butterfat and the products of milk and butterfat; to the Committee on Agriculture.

By Mr. BENTSEN:

H. R. 8620. A bill to amend the United States Information and Educational Exchange Act of 1948, to provide for the education or training of not less than 100,000 foreign citizens each year in the United States; to the Committee on Foreign Affairs.

By Mr. BUDGE:

H. R. 8621. A bill to amend the Sugar Act of 1948, as amended; to the Committee on Agriculture.

H. R. 8622. A bill authorizing and directing the Secretary of the Interior to take the necessary action to confirm to the State of Idaho full and clear title to certain lands previously selected by such State in lieu of school-land grants made by the Idaho Admission Act; to the Committee on Interior and Insular Affairs.

By Mr. CAMP:

H. R. 8623. A bill to amend section 534 (e) of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. DEWART:

H. R. 8624. A bill to govern the control, appropriation, use, and distribution of water; to the Committee on Interior and Insular Affairs.

By Mr. FRELINGHUYSEN:

H. R. 8625. A bill relating to survivorship benefits in the case of certain anniversaries in the legislative branch of the Government; to the Committee on Post Office and Civil Service.

H. R. 8626. A bill to establish a commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton; to the Committee on the Judiciary.

By Mr. GENTRY:

H. R. 8627. A bill to promote the preservation of the true history of this Nation as actually recorded in pioneer weekly newspapers, and currently published in weekly newspapers of the United States; to locate, microfilm, file, and make available this valuable material to schools, libraries, clubs, lawmakers, and every citizen; to provide a safe depository for weekly newspaper duplicate microfilms now in any other library; and for other purposes; to the Committee on House Administration.

By Mr. GOODWIN:

H. R. 8628. A bill to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty; to the Committee on Ways and Means.

By Mr. KEAN:

H. R. 8629. A bill to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes; to the Committee on Ways and Means.

By Mr. KELLEY of Pennsylvania:

H. R. 8630. A bill to amend section 4 of the act of March 9, 1945, with respect to the regulation of certain employees of insurance companies; to the Committee on the Judiciary.

By Mr. MACHROWICZ:

H. R. 8631. A bill to offset declining employment by providing for Federal assistance to States and local governments in projects of construction, alteration, expansion, or repair of public facilities and improvements; to the Committee on Public Works.

H. R. 8632. A bill to amend Veterans Regulations to establish for persons who served in the Armed Forces during World War II a further presumption of service connection for multiple sclerosis and the chronic functional psychoses; to the Committee on Veterans' Affairs.

By Mr. RILEY:

H. R. 8633. A bill giving the Commissioner of Education the authority to issue to certain local educational agencies quitclaim deeds to certain temporary facilities, upon a showing of need therefor; to the Committee on Government Operations.

By Mr. SAYLOR:

H. R. 8634. A bill to amend section 22 of the Organic Act of Guam; to the Committee on Interior and Insular Affairs.

By Mr. SHORT:

H. R. 8635. A bill to affirm the temporary appointments of certain officers of the Navy, and for other purposes; to the Committee on Armed Services.

H. R. 8636. A bill to increase the retirement annuities of civilian members of the teaching staffs of the United States Naval Academy and the United States Naval Postgraduate School heretofore retired; to the Committee on Armed Services.

By Mr. TOLLEFSON:

H. R. 8637. A bill to amend certain provisions of title XI of the Merchant Marine Act, 1936, as amended, to facilitate private financing of new ship construction, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WITHROW:

H. R. 8638. A bill to provide that wage-board employees of the United States shall be paid the same additional rate of compensation for night work which is paid to employees subject to the Classification Act of 1949, as amended; to the Committee on Post Office and Civil Service.

By Mr. CRUMPACKER:

H. J. Res. 484. Joint resolution directing the Federal Trade Commission to conduct an investigation into competitive practices in the automotive industry; to the Committee on Interstate and Foreign Commerce.

By Mr. GAMBLE:

H. J. Res. 485. Joint resolution authorizing the President of the United States to proclaim October 16, 1954, as National Olympic Day; to the Committee on the Judiciary.

By Mr. HESS:

H. J. Res. 486. Joint resolution designating the 7-day period beginning October 24, 1954, as Cleaner Air Week; to the Committee on the Judiciary.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. GOODWIN: Memorial of the Massachusetts Legislature to the President and the Congress of the United States to protest the entry of the Communist government of China into the United Nations; to the Committee on Foreign Affairs.

Also, memorial of the Massachusetts Legislature to Congress relative to the Federal Social Security Act; to the Committee on Ways and Means.

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to increasing the pay of the Armed Services; to the Committee on Armed Services.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolution were introduced and severally referred as follows:

By Mr. DOLLINGER:

H. R. 8639. A bill for the relief of Rebecca Rothstein otherwise known as Ryka Rosowska; to the Committee on the Judiciary.

By Mr. DONOVAN:

H. R. 8640. A bill for the relief of Bernt Erlend Anderson; to the Committee on the Judiciary.

By Mr. KILDAY:

H. R. 8641. A bill for the relief of the Southwest Research Institute; to the Committee on the Judiciary.

By Mr. PROUTY:

H. R. 8642. A bill for the relief of Giuseppina Martinetti; to the Committee on the Judiciary.

H. R. 8643. A bill for the relief of Friedel Fraas and her daughter, Shirley Ila Maria Fraas; to the Committee on the Judiciary.



By Mr. RILEY:

H. R. 8644. A bill for the relief of Wilton J. Parker; to the Committee on the Judiciary.

By Mr. ROONEY (by request):

H. R. 8645. A bill for the relief of Maurice Devlin; to the Committee on the Judiciary.

By Mr. YORTY:

H. R. 8646. A bill for the relief of Albert Shanfield; to the Committee on the Judiciary.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

601. By Mr. GOODWIN: Resolution of New England Diocese of the Greek Orthodox Archdiocese of North and South America; to the Committee on Foreign Affairs.

602. By the SPEAKER: Petition of Josephine Hudson and others, Sarasota, Fla.,

requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

603. Also petition of Mrs. Grace Benzel and others, West Palm Beach, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

## EXTENSIONS OF REMARKS

### Surplus Labor in Baltimore

#### EXTENSION OF REMARKS

OF

### HON. EDWARD A. GARMATZ

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 30, 1954

Mr. GARMATZ. Mr. Speaker, the administration has been telling us that what we are now experiencing is not a depression, but a "rolling readjustment," a "minor contraction." Call it what you will, but when unemployment strikes a family, and especially prolonged unemployment, to that family it is a depression.

Metropolitan Baltimore, one of the Nation's most diversified industrial centers, is the home of some 2,100 manufacturing enterprises. Baltimore has the world's largest copper refinery; one of the largest sugar refineries; the largest plant in the world engaged exclusively in manufacturing stainless steel; the world's second largest steel plant; the largest maker of portable electric tools; the largest maker of crown bottle caps and closures; the largest superphosphate plant; is the largest producer of venetian blinds, weather instruments, porcelain insulators; has the largest meat-packing plant on the Atlantic seaboard, in addition to many other industrial and consumer products.

Of the 280 separate industries listed for Maryland in the Census of Manufacturers, 249 are represented in the Baltimore area.

This diversity has been a stabilizing factor in various ways, easing the impact of unemployment during periods of business recession and providing a labor pool of widely varying skills.

Yet, with all these advantages, Baltimore has shifted from a balanced labor supply status, to the surplus labor category. The Army has announced the closing of the Baltimore Signal Depot, which will mean 2,600 employees will be looking for work. The two large ship building and repair yards have laid off thousands of worker and are facing the possibility of closing down completely, within the next few months, unless additional work is received and that very soon. Representatives of the aircraft workers in Baltimore met with the Maryland delegation last week to discuss the decline of the aircraft industry in Maryland. One of the railroads has laid off about 2,300 workers in the metro-

politan Baltimore area; representatives of the VEW-CIO have informed the Maryland delegation that a contract from the Navy Department has been taken from Baltimore and given to a California firm, which will mean the laying off of about 1,500 workers, to mention but a few instances.

Under leave to extend my remarks, I wish to insert the following article from the March 20 issue of the Baltimore Sun:

**CITY IN SURPLUS LABOR CATEGORY—SHIFTED FROM BALANCED SUPPLY STATUS IN UNITED STATES REPORT**

Baltimore has been reclassified from a balanced labor supply rating to a moderate labor surplus classification, the Labor Department reported yesterday.

Its Bureau of Employment Security, which rates industrial areas to show employment conditions, moved 40 major labor market areas to classifications of greater worker "surpluses."

#### COMMENT ON BALTIMORE

Baltimore was among them. It was in the balanced labor supply category in January. Its new listing is based on March conditions.

Discussing individual areas the Bureau made this comment about Baltimore:

Layoffs—heaviest in construction, trade, food—hit most industry groups. Recent unemployment increases also reflect longer term factory declines centered in durable goods, particularly shipbuilding.

#### OTHERS IN CATEGORY

The Employment Security Bureau said unemployment in the Nation, largely confined in early winter to a few selected industries, still was rising in March and was spreading to a "wide range of industries."

Among the 40 major labor market areas reclassified to a greater degree of worker surplus, 30, including Baltimore, were advanced from a balanced labor supply category to one of moderate labor surplus and nine were shifted from the moderate to the substantial labor surplus classification.

With Baltimore in the first group were Harrisburg and York, Pa., and Hampton-Newport News-Warwick, Va.

Other major areas shifted from a balanced supply to moderate surplus rating were:

San Diego, Calif.; Bridgeport, Stamford-Norwalk, and Waterbury, Conn.; Miami, Fla.; Macon, Ga.; Aurora and Rockford, Ill.; Indianapolis; Des Moines, Iowa; Kalamazoo, Lansing, and Saginaw, Mich.; Omaha, Nebr.; Buffalo and Syracuse, N. Y.; Charlotte, N. C.; Akron, Cincinnati, Cleveland, Columbus, Lorain-Elyria, and Youngstown, Ohio; Allentown-Bethlehem, Pa.; Aiken-Augusta, S. C.-Ga., and Houston, Tex.

#### NO SHORTAGE AREA LEFT

Hartford, Conn., which had been the only labor shortage area in the country in January, was classed as having a balanced labor supply in March.

The nine new areas added to the "substantial" labor surplus group—meaning at

least 6 percent of available workers were jobless—were Charleston, W. Va.; Portland, Oreg.; Chattanooga, Tenn.; Duluth-Superior, Minn.-Wis.; Huntington-Ashland, W. Va.-Ky.; Paterson, N. J.; Racine, Wis.; San Antonio, Tex., and Wheeling-Steubenville, W. Va.-Ohio.

Five major areas had been added to the substantial labor-surplus group in a special February classification, including Detroit and Battle Creek, Mich.; Toledo, Ohio; South Bend, Ind., and the Davenport-Rock Island-Moline area in Iowa and Illinois.

#### TWENTY HAVE BALANCED SUPPLY

This brought to 34 the number of major areas with a substantial labor surplus. Only 20 of the 149 areas surveyed have a balanced labor supply.

The bureau keeps a separate list of smaller labor-market areas having a substantial labor surplus. Twelve areas added to this list in March were:

Bay City, Monroe, and Port Huron, Mich.; Biddeford, Maine; Bluefield and Clarksburg, W. Va.; Kittanning-Ford City and Williamsport, Pa.; Michigan City-La Porte, Ind.; North Adams, Mass.; Radford-Pulaski, Va.; and Waynesville, N. C.

Areas with substantial labor surpluses are eligible under a Government program to receive special consideration in the award of Government work.

#### CAUTIOUS NOTE OF OPTIMISM

The Employment Security Bureau said it might revise its labor area classification system because so many areas are in the substantial labor surplus category, in which joblessness ranges from 6 to 20 percent.

It said virtually all the 149 major job areas surveyed had "adversely affected employment conditions" between mid-January and mid-March.

The bureau had a cautious note of optimism. It said that employment, while still declining, was doing so at a slower rate in the auto, farm machinery, aircraft, and household appliance manufacturing fields. These are the industries hit earliest and hardest by the winter's unemployment.

#### NEW CLAIMS DROP

In a separate report, the bureau said joblessness among workers insured for unemployment compensation declined by 12,500 during the week ended March 6, as compared to the previous week. This brought the total down to 2,200,600. During the week ended March 13, new claims for unemployment insurance totaled 310,600, which was 8,200 less than the new claims filed a week earlier.

Mr. Speaker, when such a condition exists in Baltimore, it is not difficult to imagine what conditions must be like in many other areas, which do not have the advantages that Baltimore enjoys. As a matter of fact, 175 areas have reported a labor surplus.

And in addition to the unemployment situation, the decline in the workweek, must also be taken into consideration.